

Received
LA Mailroom

SEP 28 2020

Department of
Business Oversight

FRANCHISE DISCLOSURE DOCUMENT



COWBOY CHICKEN FRANCHISING, LP

(a Texas limited partnership)

3450 E. Hebron Parkway

Carrollton, Texas 75010

(214) 989-7830

franchise@cowboychicken.com

www.cowboychicken.com

You will establish and operate fast casual restaurants ("Stores") 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 \$531,996 to \$907,643, exclusive of real estate acquisition costs. This includes \$61,000 to \$63,000 that you must pay to us or our affiliates. We and you may choose to sign an Area Development Agreement under which you will develop a number of Stores. The total initial investment to begin operation under an Area Development Agreement ranges from \$55,000 to \$425,000. This amount includes \$55,000 to \$415,000 which must be paid to us or our affiliates and includes the development fee (comprised of the initial franchise fee for the first Cowboy Chicken store and \$20,000 of the initial franchise fee for each additional Cowboy Chicken store).

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 franchise@cowboychicken.com.

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: July 15, 2020, as amended August 10, 2020.

COWBOY CHICKEN 2020 FDD
WEST291471350.6

How to Use This Franchise Disclosure Document

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

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

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Texas. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Texas than in your own state.
2. **Financial Condition.** The franchisor's financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor's financial ability to provide services and support to you.
3. **Spousal Liability.** Your spouse may be required to sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.

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

**THE FOLLOWING PROVISIONS APPLY ONLY TO TRANSACTIONS
GOVERNED BY THE MICHIGAN FRANCHISE INVESTMENT LAW**

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

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

- (a) A prohibition on the right of a franchisee to join an association of franchisees.
- (b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This will 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 will 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 will 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 will 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.

If the franchisor's most recent financial statements are unaudited and show a net worth of less than \$100,000, the franchisor will, at the request of a franchisee, arrange for the escrow of initial investment and other funds paid by the franchisee until the obligations to provide real estate, improvements, equipment, inventory, training, or other items included in the franchise offering are fulfilled. At the option of the franchisor, a surety bond may be provided in place of escrow.

THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENFORCEMENT BY THE ATTORNEY GENERAL.

Any questions regarding this notice should be directed to:

State of Michigan Consumer Protection Division
Attn: Franchise
670 G. Mennen Williams Building
525 West Ottawa
Lansing, Michigan 48933
(517) 335-7567

Despite subparagraph (f) above, we intend to enforce fully the provisions of the arbitration section contained in our Franchise Agreement. We believe that subparagraph (f) is unconstitutional and cannot preclude us from enforcing our arbitration section. You acknowledge that we will seek to enforce that section as written.

TABLE OF CONTENTS

ITEM	PAGE NO.
ITEM 1 THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES.....	1
ITEM 2 BUSINESS EXPERIENCE.....	4
ITEM 3 LITIGATION.....	5
ITEM 4 BANKRUPTCY	5
ITEM 5 INITIAL FEES.....	5
ITEM 6 OTHER FEES.....	6
ITEM 7 ESTIMATED INITIAL INVESTMENT.....	10
ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES	14
ITEM 9 YOUR OBLIGATIONS	20
ITEM 10 FINANCING	21
ITEM 11 FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING	21
ITEM 12 TERRITORY	33
ITEM 13 TRADEMARKS.....	37
ITEM 14 PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION	39
ITEM 15 OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS.....	40
ITEM 16 RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL	41
ITEM 17 RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION	42
ITEM 18 PUBLIC FIGURES.....	49
ITEM 19 FINANCIAL PERFORMANCE REPRESENTATIONS.....	49
ITEM 20 OUTLETS AND FRANCHISEE INFORMATION.....	50
ITEM 21 FINANCIAL STATEMENTS.....	54
ITEM 22 CONTRACTS	54
ITEM 23 RECEIPTS.....	54

EXHIBITS:

- A. FINANCIAL STATEMENTS
- B. AREA DEVELOPMENT AGREEMENT
- C. FRANCHISE AGREEMENT
- D. STATE ADMINISTRATORS
- E. AGENTS FOR SERVICE OF PROCESS
- F. TABLE OF CONTENTS OF BRAND STANDARDS MANUAL

- G. LIST OF CURRENT FRANCHISEES AND FRANCHISEES THAT HAVE LEFT THE
SYSTEM AS OF DECEMBER 31, 2019
- H. STATE ADDENDA TO FRANCHISE DISCLOSURE DOCUMENT
- I. FRANCHISEE QUESTIONNAIRE
- J. APPLICANT NON-DISCLOSURE AGREEMENT
- K. FORM OF GENERAL RELEASE

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. Our principal place of business is located 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 franchisees.

Cowboy Chicken Airpark L.P., a Texas limited partnership formed in 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, is our predecessor and an affiliate and is also the operator of two company-owned Stores Dallas, Texas. Its principal place of business is 17437 Preston Road, Dallas, Texas 75252.

CCE Capital Partners, LP, a Texas limited partnership formed in 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 in 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 Chicken Forney, LLC, a Texas limited liability company formed in February 2019, is the operator of a company-owned Store in Forney, Texas. Cowboy Chicken Forney, LLC is our affiliate. Its principal place of business is 780 E US Hwy 80, Forney, TX 75126.

Cowboy Chicken McDonough, a Texas limited liability company formed in February 2020, is the operator of a company-owned Store in McDonough, Georgia. Cowboy Chicken McDonough, LLC is our affiliate. Its principal place of business is 90 S. Point Blvd, McDonough, GA 30253.

Cowboy Management, LLC, a Texas limited liability company formed in September 2015, provides restaurant consulting services from time to time and as we determine necessary for Cowboy Chicken franchisees.

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. The intellectual property was subsequently acquired by CCE's affiliate, Cowboy IP, LLC, a Texas limited liability company, in connection with a corporate restructuring. 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 (including our proprietary sauces and spice blends) 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.

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 Potatoes™, 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 services. 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.

A Cowboy Chicken franchise entitles you to operate one Store at an approved location. The Area Development Agreement gives you multi-unit development rights. The Area

Development Agreement will state the number of Stores to be developed, the geographic area, and the timeframe. You must enter into a separate Franchise Agreement for each Store you develop. The Franchise Agreement for the first Store developed under the Area Development Agreement will be in the form of Exhibit B to this disclosure document and will be signed upon our acceptance of your proposed site where the first Store will be located. For each additional Store developed under the Area Development Agreement, you must sign our then-current Franchise Agreement currently being offered to new franchisees, which may be materially different than our current Franchise Agreement, by the deadline to execute the Franchise Agreement set forth in the Development Schedule (as defined in Item 11). If you do not acquire a site for your Store within the time periods stated in the Franchise Agreement or Area Development Agreement, as applicable, we may terminate the Franchise Agreement or Area Development Agreement immediately upon written notice to you.

You must operate your Store under the business system and operating procedures we developed, as described in our Brand Standards Manual ("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.

Industry Specific Regulation

Many of the laws, rules, and regulations that apply to business generally, like the Americans with Disabilities Amendments Act, Federal Wage and Hour Laws, and the Occupation,

Health, and Safety Act, also apply to restaurants. However, other laws, rules, and regulations have particular applicability to restaurants.

The U.S. Food and Drug Administration, the U.S. Department of Agriculture, and state and local health departments administer and enforce laws and regulations that govern food preparation and service and sanitary conditions. State and local agencies inspect restaurants to ensure that they comply with these laws and regulations. The federal Clean Air Act and various implementing state laws require certain state and local areas to meet national air quality standards limiting emissions of ozone, carbon monoxide, and particulate matters, including caps on omissions from commercial food preparation. Some areas have also adopted or are considering proposals that would regulate indoor air quality.

Some state and local authorities have also adopted, or are considering adopting, laws or regulations that would affect the content or make-up of food served in restaurants, such as the level of trans fats and sodium contained in a food item. Additionally, the Patient Protection and Affordable Health Care Act requires employers of a certain size to provide health insurance to its employees, and the U.S. Food and Drug Administration has issued regulations that require certain restaurants and retail food establishments to post caloric information on menus and menu boards and to provide additional written nutrition information to consumers upon request.

The Payment Card Industry Data Security Standard ("PCI") requires that all companies that process, store, or transmit credit or debit card information maintain a secure environment. PCI applies to all organizations or merchants, regardless of size or number of transactions, that accepts, transmits or stores any cardholder data. You must also be sure to comply with applicable state and federal laws regulating the privacy and security of sensitive consumer and employee information. Additional details can be found at <https://www.pcisecuritystandards.org/merchants> for additional information. Compliance resources are available from the Federal Trade Commission. You can contact the FTC at (202) 326-2222 or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, D.C. 20580. You can also visit the FTC's business center on privacy and security at <http://www.business.ftc.gov/privacy-and-security/> for additional information.

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, Sean has responsibility for the sale and operations of franchises.

Tony Stevens: Director of Franchise Operations and Training

Tony Stevens has served as the Director of Franchise Operations since June 2019. Tony has been our Director of Training since June 2015. From April 2006 to June 2015 Tony served as Vice President of Operations for Genghis Grill, in Dallas, Texas.

Steven Kolow: Chief Strategy Officer

Steven "Kip" Kolow has served as the Chief Strategy Officer since January 2018 and prior to being appointed our Chief Strategy Officer served as a consultant to us from August 2017 to January 2018. From May 2015 until August 2017, Kip provided general business consulting services in Boston, Massachusetts, and from July 2012 until May 2015, Kip served as Founder/CEO of Slowbones Modern BBQ, LLC in Burlington, Massachusetts.

ITEM 3
LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4
BANKRUPTCY

No bankruptcy information is required to be disclosed in this Item.

ITEM 5
INITIAL FEES

Initial Franchise Fee.

The initial franchise fee for a Store is \$35,000. The initial franchise fee is uniform for all franchisees. It is fully earned when received and non-refundable when paid. If you purchase an existing Store, you will pay a transfer fee equal to one-half of the then-current initial franchise fee.

Initial Development Fee.

When you sign your Area Development Agreement, you must pay us a development fee equal to 100% of the initial franchise fee for the first Store to be developed and \$20,000 of the initial franchise fee for each additional Store to be developed under the Area Development Agreement. For example, if we grant you the right to develop two Stores, the development fee would be equal to the sum of \$35,000 and \$20,000 (i.e. \$55,000).

When you sign the Franchise Agreement for the first Store, we will credit a portion of your development fee payment to satisfy the \$35,000 initial franchise fee due under the Franchise Agreement. When you sign each additional Franchise Agreement under the Area Development Agreement, you will sign the then-current form of franchise agreement that we offer. In addition, you will pay us the balance due for the initial franchise fee due under the Franchise Agreement, which will be the initial franchise fee minus the applicable portion of the development fee. The development fee is calculated in the same manner for all franchisees entering into Area

Development Agreements under this offering, but the actual dollar amount paid will vary depending on the number of Stores you agree to develop. We expect the Area Development Agreement to cover between 2 and 20 Stores. The development fee is considered fully earned and non-refundable when paid.

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 the cost will range from \$1,000 to \$3,000. This fee is non-refundable when paid.

Grand Opening Fee Costs.

We will require you to expend a minimum of \$25,000 on a grand opening plan and supplemental marketing campaigns during the first year of operation of the Store. We currently require you to deposit \$25,000 with us when you sign your Franchise Agreement to be used to fund such grand opening and supplemental marketing campaigns. We will use this \$25,000 to either pay your approved advertising vendors directly or reimburse to you your approved grand opening and supplemental marketing expenditures, as we determine appropriate. This fee is fully earned when received and non-refundable when paid. This amount does not include Brand Fund Contributions and Local Marketing Expenditure requirements.

ITEM 6 **OTHER FEES**

Franchise Agreement

Type of Fee⁽¹⁾	Amount	Due Date	Remarks
Royalty Fee ⁽³⁾	5% of Gross Sales ⁽²⁾	Every Wednesday for the preceding week	You must pay the Royalty Fees by electronic funds transfer.
Brand Fund Contribution ⁽⁵⁾	2% of Gross Sales ⁽²⁾	Every Wednesday for the preceding week	You must pay the Brand Fund Contribution by electronic funds transfer.
Local Marketing Expenditure ⁽⁶⁾ /Advertising Cooperative ⁽⁷⁾	1% of Gross Sales ⁽²⁾	Periodically	See Note 6 and Note 7 below.
Marketing Materials	Varies	Upon invoice	We may make available to you certain marketing material for display in the Store or in connection with the promotion, advertising and marketing of products and services offered by the Store for purchase in an amount equal to our cost in supplying such marketing materials.
Audits	Cost of audit plus Interest	Upon invoice	You pay the cost of an audit only if it shows an understatement of your Gross Sales, Royalty Fees, or Brand Fund Contributions or

Type of Fee ⁽⁷⁾	Amount	Due Date	Remarks
			an understatement of 1.25% or more from data reported to us in respect to any other item that is material to the computation of fees or analysis of the operation.
Transfer Fee ⁽⁸⁾	One-half of the then-current initial franchise fee	Upon application for consent to transfer	Payable to us when you request our consent to transfer the franchise or your ownership.
Successor Fee	One-half of the then-current initial franchise fee	30 days before the end of the expiring term	Payable if you request and we approve the renewal of your Franchise Agreement for a Successor Term.
Securities Offering Fee	The then-current initial franchise fee	Upon invoice	Payable if you engage in a public or private securities offering that includes a prospectus or offering memorandum that we review.
Late Fee	\$100 for each delinquent payment and \$250 for each delinquent report	Automatically upon next Electronic Transfer of Funds	You must pay this fee in addition to interest for any payment or report received by Franchisor after the prescribed due date.
Intranet Fee	\$50	Each Reporting Period	We may charge up to \$100 per month.
Interest ⁽⁹⁾	18% per annum or maximum lawful rate	On demand	See Note 9.
Event of Default Fee	\$500 (except where the Event of Default is related to Franchisee's breach with respect to purchase of unapproved products or services or purchase of products from unapproved suppliers, in which case the Event of Default Fee will be \$1,000 for the first occurrence of such Event of Default and \$5,000 for the second occurrence of such Event of Default.	Within 5 days of notice	Payment to us of any amount provided for in the notice will not constitute an election of remedies by us or excuse performance of your obligations under the Agreements. Any payments received will be in addition to and not in lieu of any other remedies available to us or in equity.
Indemnification ⁽¹⁰⁾	Varies depending upon claim and resolution of claim.	Upon billing	Payable if and when we defend a claim for which you indemnify us under the Franchise Agreement.
Liquidated Damages (Termination of Franchise Agreement) ⁽¹¹⁾	Lump sum payment equal to average monthly Royalty Fees multiplied by the number of months remaining in the term of the Franchise Agreement (if less	Upon demand	See Note 11.

Type of Fee ⁽¹⁾	Amount	Due Date	Remarks
	than two years remaining) or (if there are two or more years remaining in the term)		

Development Agreement

Type of Fee ⁽¹⁾	Amount	Due Date	Remarks
Extension Fee	\$10,000	On demand	If you are unable to satisfy the minimum number of operating Stores required during any Development Period, then you may, upon 90 days' notice to us and payment of the Extension Fee, extend the deadline by which it must comply with the Development Schedule for the applicable Development Period by 180 days.
Securities Offering Fee	\$10,000	Upon invoice	Payable if you engage in a public or private securities offering that includes a prospectus or offering memorandum that we review.
Successor Fee	Then-current Development Fee multiplied by the number of Stores we grant you the right to develop during such Successor Term.	Upon signing of a new area development agreement	Payable if you request and we approve the renewal of your Franchise Agreement for a Successor Term.
Transfer Fee	\$10,000	Upon application for consent to transfer	Payable to us when you request our consent to transfer the Area Development Agreement or your ownership.
Indemnification ⁽¹⁰⁾	Varies depending upon claim and resolution of claim.	Upon billing	Payable if and when we defend a claim for which you indemnify us under the Area Development Agreement
Liquidated Damages (Undeveloped Store) ⁽¹²⁾	\$15,000 per undeveloped Store	Upon demand	See Note 12.

Notes:

(1) You pay all fees to us, and all fees are uniformly imposed, unless otherwise noted. All fees are non-refundable.

(2) "Gross Sales" means the total selling price of all services and products and all income of every other kind and nature related to the Store, whether for cash, cash equivalents, or credit, and regardless of collection in the case of credit. Proceeds from the sale of coupons, gift cards, gift certificates or vouchers will not be included in Gross Sales when the coupons, gift cards,

gift certificates or vouchers are sold; rather, the retail prices of services and products purchased with coupons, gift cards, gift certificates or vouchers will be included in Gross Sales during the Reporting Period in which the coupon, gift card, gift certificate or voucher is redeemed. Gross Sales also includes the proceeds of any business interruption insurance applicable to the Store. Gross Sales will expressly exclude the following: complimentary food and beverage service (provided that such food and beverage service does not exceed 2% of Gross Sales in any Reporting Period), meals provided to employees, tips and gratuities, sums collected and actually paid by Franchisee for any sales, beverage, or other excise tax imposed by any duly constituted government authority. In the case of Franchisor-established promotional discounts implemented by Franchisee at the Store, the amount actually paid by the guest after the discount, rather than the original amount, will be considered for purposes of calculating Gross Sales. Notwithstanding the foregoing, Gross Sales does not exclude any fees paid by Franchisee to a third party provider of services (e.g. delivery services) in connection with the operation of the Store or sale of products or related services.

(3) The "Royalty Fee" for the initial term of your Franchise Agreement will be an amount equal to 5% of Gross Sales. The amount of the Royalty Fee for any successor term will be that provided in the franchise agreement signed for such successor term.

(4) "Reporting Period" means each calendar month (unless we designate otherwise).

(5) We reserve the right to increase the Brand Fund Contribution upon 60 days written notice to you, but the Brand Fund Contribution, when combined with the Local Marketing Expenditure requirement, will not exceed 4% of Gross Sales for the initial term of your Franchise Agreement.

(6) You must spend at least 1% of Gross Sales on approved local marketing ("Local Marketing Expenditure"). The expenses for local marketing must be paid by you directly to the vendors.

(7) Currently, there is no established advertising cooperative (a "Cooperative"). We may require that you participate in an approved local or regional Cooperative with certain other franchisees and sign our then-current form of cooperative advertising agreement. The contribution amount designated by the Cooperative will be at least 0.5% of Gross Sales per Store but may be greater if desired by the members of the Cooperative, provided that the contribution will not exceed 2% of Gross Sales. If a Cooperative is established, any amounts you contribute to the Cooperative will be credited against your Local Marketing Expenditure up to the maximum contribution then required for the Local Marketing Expenditure.

(8) The transfer fee for a Store is one-half of the then-current initial franchise fee to cover our costs and expenses in connection with the transfer. The transfer fee is nonrefundable even if the proposed transfer does not occur for any reason (including if we disapprove the transfer), and in which case the transfer fee you paid us for the failed transfer will not be applied to any future requests for our consent to transfer.

(9) Interest is charged when any of the Royalty Fee, Brand Fund Contribution, transfer or successor fee payments, or any other sum due to us is not paid when due or an audit reveals

underpayments based on incorrect Gross Sales. The maximum interest rate allowed by law in California is 10% annually.

(10) You are required to pay us for all losses and expenses incurred by us in connection with any third party claim for which you are required to indemnify us under the Franchise Agreement or Area Development Agreement (if applicable), including compensatory, exemplary or punitive damages; arbitration costs; mediation costs; settlement amounts; judgments; court costs; fines; charges; costs; and expenses, including, without limitation, reasonable legal fees; and damages and injury that result from your negligent performance of or other breach of the Franchise Agreement or Area Development Agreement, including lost profits and compensation for damages to reputation and goodwill and costs of or resulting from delays, financing, marketing materials and media time and space plus any costs of changing, substituting or replacing the same.

(11) If we terminate your Franchise Agreement following your breach of the Franchise Agreement and failure to cure within the time period described in the Franchise Agreement, if any, then in addition to other remedies we may have under the Franchise Agreement and at law, and to the extent permitted by applicable law, you must pay to us as liquidated damages and not as a penalty as follows: (a) where there are less than two years remaining in the Term, the greater of (i) the average Royalty Fee paid by Franchisee per month during the previous two years of operation of the Store multiplied by the number of months remaining in the Term and (ii) \$400,000; and (b) where there are two or more years remaining in the Term and the Store has operated for at least two years, the greater of (i) \$500,000 and (ii) the average Royalty Fee paid by Franchisee per month during the previous two years of operation of the Store multiplied by 24 months (or, where the Store has operated for less than two years, the average aggregate Royalty Fee paid by all Cowboy Chicken franchisees for the month that termination of this Agreement is effective multiplied by 24 months).

(12) If we terminate an Area Development Agreement with you following your failure to develop Stores as required under an Area Development Agreement with us, then in addition to other remedies that we may have under the Area Development Agreement and at law, and to the extent permitted by applicable law, you must pay to us as liquidated damages and not as a penalty the balance of the initial franchise fee for each undeveloped Store.

ITEM 7 **ESTIMATED INITIAL INVESTMENT**

YOUR ESTIMATED INITIAL INVESTMENT FOR A SINGLE STORE

TYPE OF EXPENDITURE	AMOUNT⁽¹⁾	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Initial Franchise Fee ⁽²⁾	\$35,000	Lump Sum	Signing of Franchise Agreement	Us
Lease Security Deposits ⁽³⁾	\$0 to \$13,000	As Arranged	As Invoiced	Landlord

TYPE OF EXPENDITURE	AMOUNT ⁽¹⁾	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Grand Opening Promotions Advertising ⁽⁴⁾	\$25,000 to \$50,000	As arranged	Signing of Franchise Agreement	Us
Architectural/Engineering	\$7,000 to \$16,700	Per Contract	Per Contract Terms	Architect
Construction Plan Review ⁽⁶⁾	\$0 to \$3,000	Lump Sum	As Invoiced	Us
Leasehold Improvements ⁽⁷⁾	\$210,000 to \$432,000	As Arranged	As Invoiced	General Contractor
Signs	\$8,000 to \$23,407	As Arranged	As Invoiced	Suppliers
Furniture, Fixtures and Equipment, Freight and Installation ⁽⁸⁾	\$192,296 to \$234,041	As Arranged	As Invoiced	Suppliers
Opening Inventory and Smallwares ⁽⁹⁾	\$17,000 to \$24,495	As Arranged	As Arranged	Suppliers
Utility Deposits ⁽¹⁰⁾	\$3,200 to \$5,000	As Arranged	As Invoices	Providers and Government Authority
Training Expenses ⁽¹¹⁾	\$8,000 to \$20,000	As Arranged	As Invoiced	Employees and Suppliers
Insurance Premiums ⁽¹²⁾	\$3,500 to \$5,000	As Arranged	As Arranged	Insurance Broker
Professional Fees	\$3,000 to \$6,000	As Arranged	As Arranged	Lawyers, Accountants, etc.
Additional Funds ⁽¹³⁾	\$20,000 to \$40,000			
TOTAL FOR A SINGLE FRANCHISE	\$531,996 to \$907,643			

YOUR ESTIMATED INITIAL INVESTMENT FOR MULTI-UNIT AREA DEVELOPMENT AGREEMENT

TYPE OF EXPENDITURE	AMOUNT ⁽¹⁾	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Development Fee ⁽¹⁴⁾	\$55,000 to \$415,000	Lump Sum	Signing of Area Development Agreement	Us
Additional Funds ⁽¹⁵⁾	\$0 to \$10,000			
TOTAL	\$55,000 to \$425,000			

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) If you develop a single Store, your initial franchise fee is \$35,000. The initial franchise fee for each Store is due upon signing of then-current form of franchise agreement.

(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 \$3,000 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.

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 \$7,000 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 8.

(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), 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. We relied on the experience of our affiliates' company-owned Cowboy Chicken stores to compile these estimates. You should review these figures carefully with your business advisor.

(14) The development fee is equal to 100% of the initial franchise fee for the first Store plus \$20,000 of the initial franchise fee for each additional Store to be developed under the Area Development Agreement. We expect the Area Development Agreement to cover between 2 and 20 Stores. For example, if you commit to develop a minimum of two Stores, the development fee would equal \$55,000. See Item 5 for more information about the development fee.

(15) This amount covers the costs needed to begin looking for sites in the Territory and for business plan preparation and related expenses during the initial 3-month period after signing the Area Development Agreement. There is no additional initial investment for training, real property, equipment, fixtures, other fixed assets, construction, remodeling, leasehold improvements, decorating costs, inventory, security deposits, utility deposits, business licenses or other prepaid expenses required under the Area Development Agreement. You will incur costs for these and other expenses associated with developing and operating a Cowboy Chicken store under the Franchise 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 Manual. Our list of designated suppliers and our standards and specifications lists are part of our Manual and apply to company-owned and franchised Stores. When we change any designated supplier of our standards and specifications, which we may do at our sole option at any time, we will advise you of the changes by making available to you revisions and supplements to the 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. Our designated suppliers of Spice Blend, Sauces and branded paper and plastic items (e.g. logo-imprinted cups and bags) are set forth in the Manual; we reserve the right to change these suppliers in the future.

Purchases from Designated Sources or According to Specifications. Currently, 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. Ben E. Keith and/or its DMA affiliate in your area, 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. We reserve the right to designate additional or new distributors of such products. We will consult with you to 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 its 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.

Site Selection. You must locate a site for the Store that satisfies our site selection requirements. We may, at our sole option, designate a real estate consultant to assist in identifying or evaluating markets or sites within your designated area; provided, you will be ultimately responsible for submitting the site to us for evaluation of such site pursuant to our then-current site selection criteria.

Architecture Firm. You are required to use an architect we approve for the planning and design of your Store. We will provide you with a list of approved architectural firms. You will be required to independently and at your own expense have the design plans and specifications adapted for the finish-out or renovation of your Store by our approved architect. You may request our consent to use an architect that is not on our approved list, provided you submit the information regarding your architect as required in the Manual and your proposed contract for our prior approval and pay the costs associated with our architect's review of your architect's plans. (See Item 5). We may withhold our approval if we determine that your proposed architect does not demonstrate the experience, credentials or qualifications for a project such as a Cowboy Chicken store, or our prior experience with the architect has not been satisfactory. Any franchisee requesting an alternate architect must submit its proposal to us. We reserve the right to require you to use one of our then-current approved architects if your architect fails to adapt our prototypical design plans and specifications consistent with the standards set forth in the Manual or fails to meet the development timeframe in your Franchise Agreement.

Construction Services. You are required to use a general contractor we approve for the construction of the Store. If you prefer to use a general contractor that is not on our approved list, you must submit information about your general contractor as required in the Manual. At any time during construction, we reserve the right to require you to use one of our then-current approved general contractors if your contractor fails to complete construction in accordance with the standards set forth in the Manual or fails to meet the development timeframe in your Franchise Agreement.

Guest Feedback Services. You must participate in a secret shopper program with our designated supplier of secret shopper services at the frequency of secret shopper visits that we designate in the Manual (currently, weekly visits). You must also participate in the guest experience survey programs that we designate in the Manual and use our designated supplier of such survey programs. 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.

Food and Beverage Products. You must offer and sell the food and beverage products at the Store manufactured by our designated suppliers, as set forth in the Manual. Currently, we require that you purchase beverage products manufactured by the Coca-Cola Corporation from our sole approved distributor, Ben E. Keith. We reserve the right to change our designated suppliers and distributors of food and beverage products at any time.

Rotisserie Ovens and Kitchen Equipment. You must buy your rotisserie ovens from our designated supplier. Our manufacturing source has patented the design of the rotisserie ovens that we require you to use. You must purchase certain other kitchen equipment and smallwares required for operating your Store from our designated supplier.

Linens and Kitchen Supply Chemical Program. We have entered into a supply contract with a designated supplier to supply linens to Stores at reduced prices based on volume purchases from the Stores. We have also entered into a supply contract with a designated supplier to provide kitchen supply chemicals that meet our brand standards to Stores. We currently require you to use these vendors if they are able to service your Store in your geographic area.

POS System; Business Management Systems with Support and Services. You must purchase and use in the operation of your Store only the point of sale system ("POS System") that we designate in the Manual, as may be amended by us from time to time. We currently require NCR's Radiant Aloha Point of Sale QuickService software and related hardware for our financial software and cash registers. NCR requires that you purchase the software and the related hardware from NCR or its affiliates, and we have an arrangement with NCR to bundle online ordering, gift card/stored value administration, Insight online polling services and related technology services for an initial installation fee (currently \$850) 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.

You must also purchase business management system software and contract with our designated supplier for support, updating and maintenance services for that software (currently, NCR; see Item 7 for estimated cost).

You must also purchase and use the data security and firewall programs, subscriptions and services from our designated suppliers. The current cost for this is an initial fee of \$250 (only payable if you choose to have onsite installation) and a continuing monthly fee of \$129 (all currently paid directly to the designated supplier directly, but we may collect payments from you and other franchisees and remit them to the vendor in the future).

Vehicles. You are required to offer delivery services for customers of your Store. Any vehicle you use in the operation of the Store must meet our then-current brand standards (including make and model of vehicle and any technical and equipment specifications, if applicable, for vehicles used in catering). You must place the wraps and/or decals we require on the vehicle and keep it clean and in good working order at all times. You must comply with all applicable law in the performance of catering and delivery services. You may choose to offer delivery services through a third party delivery service provider subject to our prior written approval. We may, at our sole option, designate approved third party delivery service providers, in which case you will use only such approved third party delivery service providers (or provide delivery services yourself) to customers of your Store. You may, but are not required to, participate in third-party discount voucher programs (e.g. Groupon) that have been approved by us. You may not use any third party delivery or voucher company that has not been approved by us. We may add or remove vendors from the approved list at any time.

System Merchandise. We make available to you for resale in the Store merchandise identifying the System, which may include Cowboy Chicken memorabilia (e.g. 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 meet our brand standards.

Lists of the manufacturers or brand names of the fixtures and equipment conforming to our standards and specifications you purchase for your Store are set forth in the Manual. We also maintain a list of the distributors and suppliers from whom we recommend that you buy these items.

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 Manual or by other written notice.

Supplier Approval. If we require that an item be purchased from an approved supplier and you wish to purchase it from a supplier we have not approved, you must submit to us a written request for approval, and must include pertinent information about the supplier as required in the Manual. You may not purchase or lease the item from the supplier until and unless we have

approved the supplier in writing. We have the right to require you to submit information, specifications, and samples to us to enable us to determine whether the item complies with our standards and specifications and that the supplier meets our criteria. We also 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 condition our approval of a supplier on requirements relating to product quality, prices, consistency, reliability, financial compatibility, labor relations, client relations, frequency of delivery, concentration of purchases, standards of service (including prompt attention to complaints), or other criteria. We may re-inspect the facilities and products of any approved supplier, and we may revoke our approval upon the supplier's failure to continue to meet any of our then-current criteria. If we revoke our approval of any supplier, you must promptly discontinue use of that supplier. You must reimburse us for the costs that we incur in the supplier approval process. We are not required to approve any particular supplier. We will notify you of our approval or disapproval within 30 to 180 days depending upon, among other factors, the type of products involved. Our specifications for products and criteria for supplier approval are generally issued through written communications and are available to franchisees and approved suppliers.

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.

Revenues from Required Purchases and Leases. Certain approved suppliers currently, or may in the future, pay to us (or an affiliate) compensation or otherwise credit our account or the account of our affiliate in the form of sales incentives or rebates based on the purchases you make from such suppliers. During the 2019 fiscal year, we received \$46,119 in revenue from suppliers based on required purchases and leases of products and services or purchases made based on our specifications by franchisees, which represents 2.6% of our total revenues of \$1,775,956. Our affiliates did not receive any such revenue from suppliers.

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 Manual or by written notice to you. (Section 15 and Exhibit I of the FA):

- Additional Insureds: Cowboy Chicken Franchising LP and its affiliates as may be designated by us in the insurance requirements set forth in the Manuals and each of their respective 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 Franchise 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 F, Addendum to Lease).

Purchasing or Distribution Co-operatives. We have no purchasing or distribution cooperatives serving our franchise system, although we retain the right to establish them.

Negotiated Purchases. We and our affiliates negotiate volume discount arrangements with certain designated suppliers for Cowboy Chicken franchisees (including price and payment terms), based upon volume purchases of the System. These suppliers may require you to enter into separate contracts with them. Our primary designated supplier is Ben E. Keith and its DMA affiliates.

Material Benefit. We do not provide any material benefits to franchisees based upon their use of designated or approved suppliers. We reserve the right not to grant franchises or confer other benefits to any franchisee, for any reason or no reason, which may include the failure to

follow the product and supplier standards for the Cowboy Chicken System, including its recommended purchase of particular products or services or use of designated suppliers.

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 Area Development Agreement and "FA" means Franchise Agreement.

Obligation	§ in DA or FA	Item in Disclosure Document
a. Site selection & acquisition/lease	DA: §§ 5(a)-5(b) FA: §§ 5(a)-5(c)	Items 7 and 11
b. Pre-opening purchases/leases	FA: §§ 5(e), 7(d), 8(a)-8(c), 11(i) and 15	Items 5, 7 and 8
c. Site development & other pre-opening requirements	DA: §§ 4 and 5 FA: § 5	Items 7, 8 and 11
d. Initial & ongoing training	FA: §§ 6 and 11	Items 5, 6, 7 and 11
e. Opening	DA: §§ 4 and 5 and Exhibit A FA: § 5(f), 6(b) and 10(f)	Items 5, 7 and 11
f. Fees	DA: Summary Page, §4(f), §6(a), 11(c), 11(g) and 12(e) FA: Summary Pages, §§ 4, 18(c), 18(g) and 20(b)	Items 5, 6, 7
g. Compliance with standards and policies/Manual	DA: § 5 FA: §§ 5, 7(a) and 11	Items 6, 7, 8, 11, 14 and 16
h. Trademarks and proprietary information(1) (2)	DA: § 2(b), 8(b) and 13(b) FA: §§ 2(e), 16 and 19(b)	Items 13 and 14
i. Restrictions on products/ services offered	FA: §§ 2(e), 2(f), 7(a), 7(d), 7(f), 11(a), 11(g), 11(i) and 11(l)	Items 6, 8, 11 and 16
j. Warranty & customer service requirements	FA: § 7(a) and 11(l)	Item 8
k. Territorial development and sales quotas	DA: §§ 2, 4 and Exhibit A FA: §§ 2, 5 and Exhibit G	Item 12
l. Ongoing product/service purchases	FA: §§ 7, 8, 11(g) and 11(i)	Items 6, 7, 8 and 11
m. Maintenance, appearance and remodeling requirements	FA: §§ 7 and 8	Item 6, 8 and 11
n. Insurance	FA: § 15	Item 6, 7 and 8
o. Advertising	FA: § 10	Items 6, 7 and 11
p. Indemnification(2)	DA: §§ 10 and 11(f) and Exhibit C FA: §§ 18(g) and 23 and Exhibit B	None
q. Owner's participation/ management/staffing	DA: §§ 7(f) and 7(g) FA: §§ 7(a), 11(a) and 13	Items 11 and 15
r. Records and reports	FA: §§ 4(f), 14(a) and 14(c)	Items 11

s. Inspections and audits(2)	FA: §§ 5(e), 7(f), 8(a), and 14(b)	Items 6, 8 and 11
t. Transfer(2)	DA: § 11 and Exhibit C FA: § 18 and Exhibit B	Items 6 and 17
u. Renewal	DA: § 3(b) FA: § 3(b)	Items 6 and 17
v. Post-termination obligations(2)	DA: § 13 FA: § 21	Item 17
w. Non-competition covenants(2)	DA: §§ 8(a) and Exhibits C and E FA: §§ 19(a) and Exhibits B and D	Item 17
x. Dispute resolution(2)	DA: § 15 FA: § 26	Item 17

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.

Pre-Opening Obligations

- (1) Designate your protected territory. **[§ 2(d) of the FA and § 2 of the DA].**
- (2) Provide you with site selection criteria and general building and design requirements for your Store. **[§ 5 of the FA and DA]**
- (3) Review the site you propose for your Store and accept or not accept such site. For additional information, see Site Selection and Opening below. **[§ 5 of the FA and DA].**
- (4) Provide you with the contact information for our approved architect and general contractor. We must review and approve all plans and specifications for the finish out or renovation of your Store. We do not assist in conforming the building plans or your premises to local ordinances and building codes or in obtaining any required permits. **[§ 5 of the FA and DA].**
- (5) Provide you with access to our Manual. **[§ 11(a) of the FA].**
- (6) Provide you with a list of approved suppliers and preferred vendors, as set forth in the Manual and other written directives as we deem appropriate. **[§ 7(d) of the FA].**
- (7) Review all new Store opening promotional materials and advertising **[§ 10 of the FA].**
- (8) Provide the initial training programs and the Opening Crew. **[§ 6(a) and 6(b) of the FA].**

Continuing Obligations.

During your operation of the Store, we will:

- (1) Notify you of any additions, replacements or other changes regarding the menu items or pricing or products and services approved for sale by us. [§§ 7(d) and 7(f) of the FA].
- (2) Provide additional initial training programs for successor and replacement managers and Store management personnel and other on-site and Internet/Web-based training programs and seminars as we deem appropriate. We will not provide any assistance in hiring any of your employees; but all employees must be able to perform the job responsibilities for the position. For additional information, see Item 11, "Training." [§ 6(c) of the FA].
- (3) Conduct, at our option, meetings, seminars, and other related activities regarding the operation of Stores for franchisees generally, which you must attend. Except as approved by us, any costs incurred by you or your Store personnel in attending such events will be your responsibility. [§ 6(d) of the FA].
- (4) Inspect the Store and evaluate the Store's products and services at such times as we may deem advisable to maintain the high standards of quality, appearance and service of the System, in person or remotely by telephone where possible. [§ 14(b) of the FA].
- (5) Provide, as we deem appropriate, advice and written materials concerning techniques of managing and operating the Store, including new developments and improvements in restaurant equipment, food products, packaging, preparation, and operational systems. [§ 7 and 11 of the FA].
- (6) Provide you with guidelines on pricing policies. You have the right to sell your food products and merchandise and offer services at any prices you may determine, so long as you are in compliance with our general guidelines on advertised pricing policies as set forth in the Manual or otherwise in writing. Subject to applicable legal constraints, you must participate in and comply with all sales and promotional programs promulgated by us. [§ 10(i) of the FA].
- (7) Approve or disapprove of any advertising, marketing and promotional materials and programs you propose. [§ 10(d) of the FA]. For additional information, see this Item 11, "Advertising."
- (8) Establish or modify a gift card acceptance program and/or loyalty program for so long as we elect to do so. [§ 9 of the FA]. We currently require franchisees to accept Cowboy Chicken gift cards.

Site Selection and Opening.

We do not currently own any real estate at which Stores are operated by franchisees. You are responsible for locating an acceptable Store site. We anticipate that the premises for the majority of Stores will be leased, but you are not prohibited from acquiring a site that we have approved. You must submit your proposed site for the Store premises with all of the information regarding

such site as required in the Manual to us for approval within 90 days following the effective date of the Franchise Agreement (or, if you are developing Stores pursuant to an Area Development Agreement with us, within 30 days of the commencement of each development period described in the development schedule. We will consider information in your site application (which may include without limitation the demographics, traffic patterns, proximity of competition, other commercial characteristics of the area, the size of the premises, appearance, and other physical characteristics of the location) and notify you in writing within 30 days of receiving your completed site application if we approve the proposed site. You must receive our written consent before developing the site, and we agree not to unreasonably withhold consent to a proposed site. You must sign the lease for the Store premises within 30 days of our approval of your proposed site. If you do not acquire a site for your Store within the time periods stated in the Franchise Agreement or Area Development Agreement, as applicable, we may terminate the Franchise Agreement or Area Development Agreement immediately upon written notice to you.

The typical length of time between the signing of the Franchise Agreement, or the first payment of any consideration for the franchise, and the opening of your business is approximately 6 to 12 months. Factors that may affect this period may include whether you have a site selected when you sign the Franchise Agreement, your ability to obtain a site, prepare a site survey, arrange leasing and financing, make leasehold improvements, install fixtures, equipment, and signs, decorate the Store, meet local requirements, obtain inventory, and similar factors.

You must open and begin operating your Store by the scheduled opening date identified in Exhibit G of your Franchise Agreement (but in no event later than 365 days after signing the Franchise Agreement). If you fail to begin operations within the stated time, we may terminate the Franchise Agreement. A developer must begin operation of the Stores to be developed under the Area Development Agreement according to the development schedule ("Development Schedule") in the Area Development Agreement. The intervals for opening individual Stores depend upon the negotiated Development Schedule and are generally 6 to 12 months for the first Store and according to the Development Schedule for subsequent Stores, which may have timelines that are shorter, and that supersede, the timelines described in the Franchise Agreement. Failure to open the Store in accordance with the Development Schedule may result in termination of the applicable Franchise Agreement and Area Development Agreement. If you fail to comply with the Development Schedule, we may terminate the Area Development Agreement and exercise any other rights and remedies that we may have.

You must start substantial construction of your Store by the date identified in Exhibit G of the Franchise Agreement and complete construction no later than 60 days before the Opening Date identified in Exhibit G. Failure to meet these deadlines may result in termination of your Franchise Agreement. In addition, on or before the deadlines to start construction you must submit a notice to our construction department of the name of your general contractor. Upon our request, you also will submit a signed copy of the agreement with your general contractor. In the event that you fail to comply with any of our standards for development and construction of your Store and do not cure such failure upon notice from us, we will have the right to terminate the Franchise Agreement, and, if applicable, the Area Development Agreement. In addition, you must comply with the requirements for constructing and equipping your Store, which may include without limitation providing construction reports in the form we designate and photographs of the progress made in constructing and equipping your Store.

Advertising.

We have no obligation to conduct advertising except through the Brand Fund described below. We advertise nationally through our website and place most broadcast advertising in local and regional media placements. We will direct all programs that the Brand Fund finances, with sole control over the creative concepts, materials and endorsements used and their geographic, market and media placement and allocation. We have no obligation to spend any amount on advertising in an area where each franchisee is located. **[§ 10 of the FA].**

We have established and intend to maintain a URL website, www.cowboychicken.com, promoting the System and identifying the location of franchise and company-owned Stores. You are required to authorize us to identify and promote your Store on our website and further authorize us to modify our website and to conduct promotions on a System-wide basis, and you and your Store will participate in all such promotions. You are prohibited from establishing or utilizing your own URL website, mobile apps appearing on smartphones or other electronic devices (including, for example, Android Marketplace or the Apple Store), or social media webpage (e.g. Facebook, Instagram, Twitter, Pinterest, LinkedIn, Yelp, YouTube, Wikipedia, Google+ or Snapchat) to promote your Store, except as described in our Social Media policy set forth in the Manual. **[§ 10(j) of the FA].**

We will review and approve or disapprove your local advertising, marketing and promotional activities and campaigns. In addition, we may develop and administer from time to time advertising, marketing and sales promotional programs (e.g. marketing promotions and specialized menu offerings) in which you will participate according to the terms and conditions that we prescribe. Finally, we will review your proposed budget and advertising plan for the grand opening of your Store and advise you of any required modifications to such plan and budget (provided that no modification of the budget will require you to spend in excess of the "Grand Opening Amount" described in your Franchise Agreement). **[§§ 10(d), 10(e) and 10(f) of the FA].**

Grand Opening.

You must conduct a grand opening promotional program and supplemental marketing campaign for the Store during the 90-day period before, during and 12-month period after opening the Store. We will consult with you in planning the grand opening promotional program. You must spend at least \$25,000 in connection with the grand opening and supplemental marketing campaign. This amount is in addition to the other required advertising expense described in this section. We currently require you to deposit \$25,000 with us when you sign your Franchise Agreement to be used to fund your grand opening plan and supplemental marketing campaign. We will use this \$25,000 to either pay your approved marketing vendors directly or reimburse to you your approved grand opening and supplemental marketing expenditures, as we determine appropriate. **[§ 10(f) and Summary Page of the FA].**

Brand Fund.

We or our designee administers a marketing fund for the purpose of promoting the brand and producing marketing materials for the System on a System-wide basis (the "Brand Fund"). You are required to make a continuous contribution to the Brand Fund in an amount equal to 2% of

Gross Sales of your Store. As of the date of this Disclosure Document, all Stores, including our company-owned Stores, under the System are required to contribute these percentages of their Gross Sales to the Brand Fund. We may increase the required Brand Fund Contribution at any time upon 60 days' written notice to you, provided that at no time will the aggregate amount that you are required to spend on local marketing for your Store and the Brand Fund Contribution exceed 4% of the monthly Gross Sales of your Store. The Brand Fund is maintained and administered by us or our designee as follows:

The Brand Fund is intended to maximize general public recognition and acceptance of the Marks. We will direct all programs that the Brand Fund finances, with sole control over creative concepts, materials, endorsements used and their geographic market and media placement and allocation. In administering the Brand Fund, we and our designees are not required to make expenditures for you which are equivalent or proportionate to your contribution or to ensure that any particular franchisee benefits directly or pro rata from the placement of advertising.

The Brand Fund may be used by us at our sole option to satisfy or defray any and all costs of maintaining, administering, directing and preparing marketing campaigns, promotions and advertising (including without limitation the cost of preparing and conducting television, radio, Internet/Web-based, magazine, newspaper and electronic media advertising campaigns); developing, implementing and maintaining an electronic commerce website and/or related strategies; the cost of market research, costs of administering customer loyalty programs, direct mail and outdoor billboard advertising; public relations activities; product and operations-related research and development (including without limitation food and beverage, sports entertainment and uniform research and development) employing advertising agencies to assist therein; costs of our personnel and other department costs for advertising that is internally administered or prepared by us; costs associated with gift card programs; costs of providing other advertising materials to Stores; and costs of maintaining customer service lines and/or franchisee service telephone numbers if we elect to establish such service. All sums paid by you to the Brand Fund are maintained in a separate account by us or our designee and are not used to defray any of our general operating expenses except for such reasonable administrative costs, salaries and overhead that we may incur in activities reasonably related to the administration or direction of the Brand Fund and development and implementation of marketing, advertising and promotional programs for franchisees and the System. The Brand Fund Contributions are not held in a trust or escrow account and we do not have any fiduciary obligations to you with respect to your Brand Fund Contribution. Any funds not spent in the fiscal year in which they accrue will be carried forward and used in connection with marketing, advertising and promotional programs and activities conducted during subsequent fiscal years. The Brand Fund will not be used by us for the targeted purpose of promoting franchise sales, but the application of the Brand Fund may indirectly benefit franchise sales. The Brand Fund and its earnings will not otherwise inure to the benefit of us and will be operated solely as a conduit for collecting and expending the advertising fees as outlined above.

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

The Brand Fund is audited on an annual basis as part of our annual audit. For fiscal year ending December 31, 2019, monies in the Brand Fund were expended as follows:

<u>Category</u>	<u>Percentage</u>
Administrative Expenses	9%
Creative/Production	15%
Media Placement	55%
Production	21%

Although the Brand Fund is intended to be of perpetual duration, we may terminate the Brand Fund at our sole option at any time. However, the Brand Fund will not be terminated until all monies in the Brand Fund have been expended for marketing, advertising and promotional purposes or returned to contributing franchised Stores without interest on the basis of their respective contributions. [§ 10(a) of the FA].

Local Marketing.

We have marketed 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 1% of your Gross Sales on local marketing 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 Brand Fund do not count towards this required spend percentage. Upon our request, you must provide us with documentation satisfactory to us evidencing compliance with the Local Marketing Expenditure. [§ 10(d) of the FA]

We have engaged an advertising agency to produce advertising materials, but your requests for advertising materials must come to us and we deal directly with the advertising agency. 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. [§ 10(j) of the FA]. We employ personnel dedicated to support marketing of the catering services for our company-owned Stores.

Advertising Cooperatives.

We have the right to establish and maintain local or regional advertising cooperatives composed of certain other franchisees located in the geographic area in which you are located. Membership in, and the coverage of, each advertising cooperative will be defined geographically and typically will be based upon the metropolitan area in which the Store is located. We may establish advertising cooperatives in some but not all geographic areas. If you are required to participate in an advertising cooperative established by us, you will contribute the amount designated by your advertising cooperative (which will be based upon a percentage of your Gross Sales) and your contribution will be credited against the amount you are required to spend for local marketing. Each Store within an advertising cooperative's geographic area, including Stores owned by us or our affiliates, will be a member of the advertising cooperative and will have one vote per Store. Each member of an advertising cooperative will contribute the same percentage of the Gross Sales of its Store to the advertising cooperative. Each advertising cooperative will be required to adopt

governing bylaws that meet our approval and that we may require the advertising cooperative to amend such bylaws from time to time. We will provide each advertising cooperative with a sample form of bylaws that it must use containing certain terms and conditions that we require, although the bylaws cannot modify the voting structure set forth in this paragraph. Members of the advertising cooperative will be entitled to obtain a copy of the bylaws upon written request. Each advertising cooperative must submit to us its meeting minutes upon our request and must obtain our written approval of all promotional and advertising materials and activities, creative execution, and media schedules before their implementation. The members of each advertising cooperative and their elected officers will be responsible for the administration of the advertising cooperative. We reserve the right to administer the advertising cooperative's funds and require payment from its members via electronic funds transfer. Upon our request, an advertising cooperative must engage the services of a professional media buyer or advertising agency approved by us that has expertise in the industry and in the particular market. Also, each advertising cooperative will be required to have an independent certified public accountant prepare annual unaudited financial statements, which will be available to us and to all franchisee members of the advertising cooperative. We have the right to require advertising cooperatives to be formed, changed, dissolved, or merged. [§ 10(k) of the FA] No advertising cooperatives have been created to date.

Advertising Council

Currently, there is no established advertising council comprised of franchisees that advise us on advertising policies, although we may informally consult franchisees in connection with marketing, promotional or advertising initiatives.

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 dismantle 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. [§8(d) of the FA]

Customer Data/Privacy and Data Protection

All customer information we obtain from you and all customer information you collect from Store customers (collectively, "Customer Data") and all revenues we derive from such Customer Data 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 Data to us. You will provide copies of all Customer Data to us upon request. At your sole risk and responsibility, we may grant you the right to use Customer Data 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 Data must be returned to us and removed from your Technology System. [§11 and §12 of the FA]

You will: (i) comply with all applicable privacy laws ("Privacy Laws"); (ii) comply with all Standards that relate to Privacy Laws and the privacy and security of Customer Data; (iii) comply with any posted privacy policy and other representations made to the individual identified by Customer Data 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 Data (other than the Customer Data 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 Data. You will, upon our request, provide us or our representatives with access to your systems, records, processes and practices that involve processing of Customer Data in order to mitigate a security incident or so that an audit may be conducted.

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

You will immediately notify us upon discovering or otherwise learning of any theft, loss or misuse of Customer Data. 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 any data security incident without our approval. Any notifications to the media or to Store customers regarding theft or loss of Customer Data 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. [§12 of the FA]

Technology System.

You must install and maintain the computer hardware, software, equipment, software, accessories (such as a DSL or cable modem) and capabilities meeting our Standards as set forth in the Manuals. 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 Standards. [§8(a) of the FA]

The current POS System is NCR's Radiant Systems Aloha QS Touchscreen System. 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 our approved online ordering software. We may designate or update the specifications for the hardware and software as technological needs arise. Our designated source for this system currently is NCR. (See Item 8). You may elect to contract with our designated suppliers for maintenance and support; the current fees for such maintenance and support 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 a designated approved supplier, you must pay the hourly rate of our designated suppliers of maintenance and support services, which currently range from \$40 to \$200 depending on the length of time and the time when services are delivered. NCR will customize the software for the Cowboy Chicken network of Stores with the bundled services described above. Your system must be configured in a way that enables you to record and store financial information as set forth in the Manual and that enables us to have independent 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' POS Systems 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.

You must install the POS System guest services survey software. 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. We may change service providers, replace this service with other performance measuring services or discontinue this service upon reasonable advance notice to you.

We require that you implement and use a reporting system as approved by us and may also require you to purchase and maintain remote servers, off-site electronic repositories, and broadband or other high speed Internet connections. You may be required to pay a software license fee for some

or all software we require you to use. You must acquire, install, and maintain such anti-virus and anti-spyware software as we require and must comply with such data security and consumer privacy policies as we may prescribe from time to time as set forth in the Manual.

The POS System will store information concerning your sales, inventory, accounting and other operations. You may not further modify or manipulate (except for pricing) the database for the computer software systems without our prior consent. We may retrieve from your POS System and other technology any and all information we consider necessary, desirable or appropriate. There is no contractual limitation on our right to access information from your point of sale system or other required technology. If necessary, we may utilize remote access to provide required upgrades and installation of hardware your point of sale system. You will have independent access to the information that will be generated or stored in the point of sale and reporting system, but you may not manipulate the data that is generated or block or restrict our access to the data. **[§8(b) of the FA]**

You must: (a) use any proprietary software programs, system documentation standards, and other proprietary materials that we require in connection with the operation of the Store; (b) input and maintain in your computer such data and information as we prescribe; and (c) purchase new or upgraded software programs, system documentation standards, and other proprietary materials at then-current prices whenever we adopt new or upgraded programs, standards, and materials system-wide. You must enter into all software license agreements, "terms of use" agreements, and software maintenance agreements, in the form and manner prescribed by our approved vendors, and pay all fees imposed under the agreements. **[§ 8(c) of the FA]**.

Confidential Manual.

After you sign your Franchise Agreement, we will give you access to our Manual. The Manual may be in electronic format. A copy of the table of contents of the Manual is attached to this Disclosure Document as Exhibit F. We consider the contents of the Manual to be proprietary and confidential and you are bound by the restrictive covenants regarding our confidential information set forth in the Franchise Agreement with respect to your use of the Manual. The Manual contains 358 pages **[§ 11 of the FA]**.

Training.

No later than 14 days before the Opening Date of your Store (as defined in Exhibit G of your Franchise Agreement), you, your Operating Principal and District Manager, (if Franchisee has designated a District Manager and such District Manager has not yet completed Initial Training) and each Store Manager must attend and successfully complete, to our satisfaction, our initial training program. Before attending training, each participant must submit to us completed application forms and upon our request, a signed liability waiver in the form prescribed by us, and complete any other pre-training requirements described in the Manual. The initial training program lasts approximately six weeks. The training materials currently consist of the Manual, FDA Food Code, checklists, demonstrations and on the job training. We reserve the right to charge additional amounts for uniforms used by your management personnel during training. Our initial training program is subject to change, without notice, to reflect updates in the materials, methods, and Manual and changes in personnel. We do not charge for this training or for materials, but you

are responsible for all costs and expenses you and your personnel incur in connection with completing our initial training program, including without limitation the cost of obtaining required certifications, compensation, travel, lodging, meals and other miscellaneous costs. Our initial training program may be conducted at any of our company-owned training Stores in Dallas, Texas or such other Cowboy Chicken restaurant as we may designate. All trainees must complete the initial training program in accordance with the requirements set forth in the Manual to our satisfaction, wherever conducted.

We will determine whether you, your Operating Principal, District Manager and Store Managers have satisfactorily completed initial training. If any of your designated participants fail to meet the admission requirements for the initial training program, if the initial training program is not satisfactorily completed by your trainees after meeting the admission requirements, or if we, in our reasonable business judgment based upon the performance of your trainees, determine that the initial training program cannot be satisfactorily completed by such person(s), you must immediately designate a replacement trainee(s), as applicable, to apply for and complete such training before the opening date of your Store. We reserve the right to charge you a training fee for training any additional or replacement management personnel. **[§ 6(a) of the FA].**

If you fail to designate replacement trainee(s) who have satisfied the admission requirements, if the initial training program is not satisfactorily completed by any replacement trainee (or the initial trainee, if no replacement is designated) by the deadline set forth above, or if we determine that the training program cannot be satisfactorily completed by such person(s), and you fail to satisfy the initial training program requirements within 30 days following notice from us, we may, at our sole option, delay the opening of your Store or terminate the Franchise Agreement upon notice to you and retain the initial franchise fee and any other fees paid by you under the Franchise Agreement. **[§20(a)(1)(d) of the FA].**

Your management personnel may attend such additional or remedial training programs and seminars as we may offer. We may require that certain of your management personnel complete such additional training (including on-site remedial training). For all such training, we will provide the instructors and training materials; however, we reserve the right to impose a reasonable fee for such training, including costs of travel, lodging, meals, and compensation for our representatives. You are responsible for any and all expenses incurred by you or your trainees in connection with such additional training including the costs of travel, lodging, meals, and wages. **[§§ 6(c) and 6(d) of the FA].**

In connection with the opening of the Store, we will provide you with one or more of our training personnel to provide on-site training, supervision and assistance, with respect to such matters and for such period of time determined by us (but no less than 4 days). The on-site training, supervision and assistance may not be provided for consecutive days and may be provided either before and/or after the opening of the Store. Except as otherwise provided in this Item 11, you will be responsible for training all Store personnel under the specifications and standards regarding such training described in the Manual or otherwise in writing by us. **[§§ 6(b) and 13 of the FA].**

Our Director of Training Tony Stevens is responsible for supervising the training program for CCE and for Cowboy Chicken. Tony has 20 years in restaurant training generally and five 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.

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.

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 in Dallas, Texas
Store and Associate Safety	0	5	Certified Company-owned training Store in Dallas, Texas
Manual/System Overview/ Guest Service	0	15	Certified Company-owned training Store in Dallas, Texas
Food Preparation, Purchasing & Storage	0	40	Certified Company-owned training Store in Dallas, Texas
Food Safety & HACCP	0	15	Certified Company-owned training Store in Dallas, Texas
Specific Position Training	0	70	Certified Company-owned training Store in Dallas, Texas
Personnel – Hiring & Training	0	5	Certified Company-owned training Store in Dallas, Texas
Cash Administration	0	5	Certified Company-owned training Store in Dallas, Texas
Use of the POS System*	4	16	In Store (up to 16 hrs.)
Cleaning, Sanitation, & Maintenance	0	3	Certified Company-owned training Store, in Dallas, Texas
Marketing, Advertising, Catering & Promotions	0	40	Certified Company-owned training Store in Dallas, Texas
Accounting & Labor Scheduling	0	10	Certified Company-owned training Store in Dallas, Texas
New Store Opening & Operations	0	10	Certified Company-owned training Store in Dallas, Texas
Store Management	0	70	Certified Company-owned training Store in Dallas, Texas

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF ON-THE-JOB TRAINING	LOCATION
Reviews & Final Examination	0	2	Certified Company-owned training Store in Dallas, Texas
Total Training (Hours):	4	311	

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

ITEM 12 TERRITORY

Franchise Agreement

The Franchise Agreement grants you the right to operate a Store at a single location selected by you and approved by us. You do not have the right to use alternative channels of distribution (as further described below) in connection with offering the products and services of the System unless otherwise approved by us.

The Store will be located within a designated geographic area (the "Designated Area") as described in the Franchise Agreement. At such time as you propose and we accept your proposed Store location identified at a specific address within the Designated Area such that it becomes the "Premises," the Designated Area will automatically and without further writing be reduced to an area described in Exhibit G and illustrated in the map in Attachment G-1 of your Franchise Agreement. You will confirm the address of the Premises (as well as the scheduled opening date for your Store) by signing the Designated Area and Premises addendum attached to the Franchise Agreement as Exhibit G. You are required to operate the Store only at the Premises and may not relocate the Store without our prior written consent. If we consent, you must comply with our then-current site selection and construction standards. Your Franchise Agreement does not give you any options, rights of first refusal or similar rights to acquire additional franchises, but you may apply for the right to operate additional Stores under separate Franchise Agreements.

We will not, during the term of your Franchise Agreement, operate or grant others the right to operate any other Cowboy Chicken store in the Designated Area identified in Exhibit G of the Franchise Agreement during the term of the Franchise Agreement. We expect that, in most cases, the Designated Area will be at least a two-mile radius around the Premises. However, the exact size of the Designated Area will be determined based on several factors, including without limitation the population base; density of population; growth trends of population; apparent degree of affluence of population; the density of residential and business entities; Store co-tenants, traffic generators, driving times; and major topographical features which clearly define contiguous areas, like rivers, mountains, major freeways, and underdeveloped land areas. We will determine the Designated Area and insert a map of the Designated Area as Attachment G-1 to Exhibit G of the Franchise Agreement once the Premises for your Store is identified and has been approved by us. The consumer service area or trade area of another Cowboy Chicken store may overlap with your Designated Area.

We will not, except as provided below and as long as you are in full compliance with the Franchise Agreement, establish and operate or license or authorize any other party to establish or operate a Cowboy Chicken Store within the Designated Area for the remainder of the term of the Franchise Agreement. Except as expressly limited by the previous sentence, we and our affiliates retain all rights with respect to Cowboy Chicken stores, the Marks, the sale of similar or dissimilar products and services and any other activities we deem appropriate whenever and wherever we desire. Specifically, we and our affiliates reserve the following rights:

- 1) Advertise and promote the System within and outside the Designated Area;
- 2) Operate, and license others to operate, Cowboy Chicken stores at any location outside the Designated Area, including locations that are adjacent to the Designated Area;
- 3) Except for the restriction against the establishment of another Cowboy Chicken store in the Designated Area, offer and sell, and authorize others to offer and sell, approved collateral products and services, including those offered and sold at Cowboy Chicken stores (such as pre-packaged food products, clothing and other Cowboy Chicken memorabilia), under the Marks or other marks at or from any location or through any channel of distribution (including, but not limited to, grocery stores, club stores, convenience stores, wholesale, hospitals, health care facilities, business or industry locations (e.g. manufacturing site, office building), military installations, military commissaries, the Internet (or any other existing or future form of electronic commerce), other retail or restaurant locations and other food service facilities such as kiosks, concessions, food trucks or multi-brand facilities providing a limited number or representative sample of the products and services normally offered by Cowboy Chicken stores);
- 4) Establish and operate, and license others to establish and operate, any business other than a Cowboy Chicken store, including other restaurants or food-related businesses, under the Marks or under other marks, including restaurants or other businesses that we or our affiliates may operate, acquire, be acquired by, or be merged or consolidated with; and
- 5) Establish and operate, and license others to operate, Cowboy Chicken stores and other food service facilities in any location that by its nature is unique and separate in character from locations generally developed as Cowboy Chicken stores, including without limitation military bases, airports, food courts, shopping malls, hospitals, campuses, schools, hotels, stadiums, arenas, race tracks, ballparks, festivals, fairs, amusement and theme parks, casinos and other mass gathering locations or events, whether or not located within the Designated Area.

You will not receive an exclusive territory. You may face competition from other franchisees, from Cowboy Chicken stores that we own, or from other channels of distributions or competitive brands that we control. We are not required to compensate you in any way for offering or selling in your Designated Area any of the products or services described in (1)-(5) above. The restrictions on our right to operate in your Designated Area do not apply to any Cowboy Chicken store existing or under development on the date the Franchise Agreement is signed.

We and any other Cowboy Chicken franchisees may also, at any time, advertise and promote the System. During the term of your Franchise Agreement, we will not engage in catering and delivery services in your Designated Area but we have no obligation to enforce similar restrictions against other Cowboy Chicken franchisees. You may compete with other Cowboy Chicken franchisees for off-premises catering and delivery orders, which may be delivered to locations in your Designated Area or the Designated Area of another Cowboy Chicken store. All customer orders must be delivered on a ready to eat basis in the Store for on-premises dining or take out or by a third party local delivery service or Store catering program approved by us. You are prohibited from selling products and menu items identified by the Marks through any other channels or methods of distribution, including the Internet (via any ecommerce provider), catalog sales, telemarketing, or other direct marketing, without our prior consent. Except for authorized catering and delivery services, you may not solicit or sell products and items identified by the Marks outside the Designated Area.

The territorial rights granted to you under the Franchise Agreement are not dependent upon the achievement of a certain sales volume, market penetration or other contingency. During the term of your Franchise Agreement, we may not alter your Designated Area described in Exhibit G and illustrated in Attachment G-1 of your Franchise Agreement. However, we may modify your Designated Area upon renewal. You do not receive the right to acquire additional franchises within or outside of your Designated Area unless you sign an Area Development Agreement or another Franchise Agreement with us.

Area Development Agreement

Under an Area Development Agreement, you are assigned a geographic area (the "Territory") within which you are required to develop two or more Cowboy Chicken stores under a prescribed Development Schedule. The size of the Territory may range from a portion of a city or an unincorporated area to a single or multi-county or single state area and will be described in the Area Development Agreement by reference to a description, an area marked on a map, streets or highways, political jurisdiction boundaries, by an area encompassed within a radius of a specific distance (or a range of distances) or of a distance sufficient to encompass a specified population (or range of populations) or by such other method of delineation as we may prescribe.

Subject to your full compliance with the Area Development Agreement and the remaining part of this paragraph, neither we nor our affiliates will establish, or authorize any other person or entity, other than you, to establish a Cowboy Chicken store in the Territory (subject to all of the reservations and limitation related to a Designated Area described above, which also apply to a Territory) until the earlier of: (i) the expiration or termination of the Area Development Agreement; (ii) the date upon which you must sign the Franchise Agreement for your last Store to be developed under the Development Schedule set forth in the Area Development Agreement; or (iii) our modification of your development rights in the Territory (including without limitation your exclusivity in the Territory) following your failure to satisfy the Development Schedule in your Area Development Agreement (as further described below). If your Territory is divided into a series of "markets" to be developed, then exclusivity will terminate with respect to each such market included within your Territory upon execution of the last Franchise Agreement required to fulfill the development obligations for such market. At that time, the Designated Area for each Franchise Agreement in the market will remain as the only territorial protection in the market and

we will have the right to franchise or open Cowboy Chicken stores outside the Designated Area(s) within such market.

You must develop your Stores in accordance with the Development Schedule set forth in your Area Development Agreement. The territorial rights granted to you under the Area Development Agreement are not dependent upon the achievement of a certain sales volume, market penetration or other contingency except as stated in the following paragraph. Also, except as stated in the following paragraph, there are no circumstances under which the Territory may be altered prior to the expiration or termination of the Area Development Agreement.

As a condition to exercising your development rights under your Area Development Agreement and executing a Franchise Agreement for development of each Store, you must satisfy the following:

- 1) You and your affiliates and principals must be in full compliance with all provisions of your Area Development Agreement and any other agreements (including any Franchise Agreements) between you and your affiliates and us and our affiliates. You must have opened each Store in a timely manner as required under the Development Schedule. You must have at all times operated, and continue to operate, each of your existing Stores in accordance with our standards set forth in the Manuals and must not have received more than two failed key performance indicator assessments for a single Store during the previous development period. Additionally, you must demonstrate you are capable of operating each proposed Store required under the Development Schedule in accordance with our standards.
- 2) You and your principals must satisfy our then-current financial criteria for developers of Cowboy Chicken stores as set forth in the Manual. You must not be in default, and have not been in default during the 12 months preceding your request for financial approval, of any monetary obligations owed to us or our affiliates under any Franchise Agreement or other agreement between you or any of your affiliates and us and any of our affiliates.
- 3) You must have prepared or obtained, and submitted to us upon our request, in a timely manner, all information and documents requested by us in connection with the Area Development Agreement or any other agreements to be executed between you and any of your affiliates and us or any of our affiliates, and you must have taken such additional actions in connection therewith as may be requested by us.
- 4) Neither you nor any of your principals will have made any transfer or attempted transfer of a controlling interest in the Developer entity without our prior consent.

If you fail to comply with the Development Schedule, including failing to submit for our approval a site that satisfies our then-current criteria for a Cowboy Chicken store premises, execute a Franchise Agreement or open a Store by the deadline set forth in the Development Schedule, or otherwise commit a material event of default under the Area Development agreement as described in Item 17, we may, in addition to other remedies, terminate, modify or reduce the Territory granted to you or modify or reduce the number of Stores you may develop within the Territory. If you develop a Store outside of your Territory, then we will modify the Territory granted to you in your

Area Development Agreement by requiring you to release a portion of your Territory identified by us.

ITEM 13
TRADEMARKS

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

Our affiliate, Cowboy IP, LLC owns the following Marks and all required affidavits have been filed.

No.	Marks	Registration Number (Application Number)	Registration Date (Application Date)
1		1,620,524	October 30, 1990, renewed August 27, 2010
2	COWBOY CHICKEN	3,338,009	November 20, 2007, renewed February 24, 2017
3		5,566,641	September 18, 2018

We claim common law protection for trademarks that we use in the Dallas-Fort Worth metropolitan area for which we have not yet obtained federal or state trademark registrations, including, for example, "Famous Twice Baked PotatoesTM," until such time as we obtain such registrations.

Our rights to the marks are derived from a nonexclusive perpetual license ("Trademark License Agreement") between us and Cowboy IP, LLC. The Trademark License agreement grants us the right to use the marks for the purpose of licensing them to our franchisees and fulfilling our obligations under the Franchise Agreement. The Trademark License Agreement is terminable only for material breach of the Trademark License Agreement and only if we do not cure or begin to cure the breach within the cure period provided by Cowboy IP, LLC. We know of no other

agreements currently in effect which significantly limit our right to use or license the use of the Marks in any manner material to you.

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.

There are no currently effective determinations of the U.S. Patent and Trademark Office, 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 know of no superior prior rights or infringing use that could materially affect your use of the marks, and we know of no agreement currently in effect which significantly limit our rights to use or license the use of the marks in any manner material to the franchise.

We are not obligated to protect your rights to use the marks or to protect you against claims of infringement or unfair competition. We are not obligated to participate in your defense and/or indemnify you for expenses or damages if you are a party to an administrative or judicial proceeding involving the marks or if the proceeding is resolved unfavorably to you.

You must promptly notify us of any infringement of the marks or of any challenge to the use of any of the marks or claim by any person of any rights in any of the marks. You and your principals must agree not to communicate with any person other than us, any designated affiliate, and our or their counsel about any infringement, challenge, or claim. We or our affiliates have sole discretion to take any action we deem appropriate and the right to exclusively control any litigation, or U.S. Patent and Trademark Office (or other) proceeding, from any infringement, challenge, or claim concerning any of the marks. You must sign all instruments and documents and give us any assistance that, in our counsel's opinion, may be necessary or advisable to protect and maintain our interests or those of our affiliates in any litigation or proceeding or to otherwise protect and maintain our or their interest in the marks.

You may use only the marks that we designate, must use them only in the manner that we authorize and permit, and must use them with the symbols, "®", "™", or "SM", as appropriate. You may use the marks only in connection with the operation and promotion of your Store(s), and

only in the manner we prescribe. You may not use any of the marks as part of your corporate or other name. You must also follow our instructions for identifying yourself as a franchisee and for filing and maintaining the requisite trade name or fictitious name registrations. You must sign any documents we or our counsel determine are necessary to obtain protection for the marks or to maintain their continued validity and enforceability. Neither you nor your principals may take any action that would prejudice or interfere with the validity of our rights with respect to the marks and may not contest the validity of our interest in the marks or assist others to do so.

You may not use the marks or any part or derivative of the marks on the Internet, except as expressly permitted in writing. This prohibition includes use of the marks or any derivative of the marks as part of any URL or domain name, including but not limited to any gaming website, social networking website, mobile application or marketing/discounting website; as part of any user name; or as part of any email address unless expressly approved by us in writing.

We have the right to substitute different trade names, service marks, trademarks, and indicia of origin for the marks if the marks can no longer be used, or if we determine that the substitution will be beneficial to the system. If we do, we may require you to discontinue or modify your use of any mark or use one or more additional or substitute marks at your expense.

ITEM 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

We do not own any patents and do not have any pending patent applications that are material to the franchise.

We do not own any copyrights and do not have any pending copyright applications that are material to the franchise. However, we claim copyright protection for our 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 Manual.

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 Manual and of all memoranda and bulletins through which we convey changes in our 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 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 Area Development Agreement, you must appoint one person who is approved by us to serve as the Designated Principal. The Designated Principal is your main contact with us regarding your business and, unless otherwise agreed in writing, the Designated 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 primary responsibility for managing the Store's day-to-day operations. The Operating Principal is not required to have an ownership interest in the entity that owns the Store or the franchise but should have at least four years' experience in a similar food service business. The Operating Principal must complete initial 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 Franchise Agreement 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.

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 managers: A Store 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 Area Development Agreements. The District Manager under the Area Development Agreement and any Franchise Agreement executed pursuant to the Area Development Agreement must be the same person. Even if we permit you to designate a District Manager to supervise your operations under the Area Development Agreement

and Franchise Agreements, your Operating Principal remains ultimately responsible for the District Manager's performance.

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 shareholders, officers, directors, partners, members, and all managers and other employees have access to our proprietary information must sign non-disclosure agreements in a form we require. In addition, your Operating Principal under the Franchise Agreement and Designated Principal under the Area Development Agreement and, if requested by us, any other management personnel receiving training from us, must sign covenants not to compete in a form that we require.

Your principals will be individually and jointly and severally bound by all of your obligations and the obligations of principals under the Franchise Agreement and Area Development Agreement by signing the Guaranty and Assumption of Obligations. If you are an individual, your spouse must guaranty your performance under the Agreements.

ITEM 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

The Franchise Agreement obligates you to sell the menu items, products and services that we have expressly approved in writing. You must stop offering any menu items, products or services that we disapprove in writing. There is no limit on our right to add or remove items from our standard menu (including without limitation memorabilia or other merchandise), and you must promptly comply with any changes that we make to the menu. You must prepare all menu items using the procedures for preparation contained in our Manual or other written instructions. You must not use or offer nonconforming items unless we first give you our written consent. You must open and operate the Store during the hours we specify in the Manual or otherwise in writing.

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 must offer catering in your Store's Designated Area, which means the preparation at your Store and service of Cowboy Chicken® menu items at private and corporate events, school events, charity functions, community festivals, university functions, business gatherings, and similar events in accordance with the catering policies contained in our Manual.

You must provide delivery service from your Store. We determine the delivery areas. Our policies governing delivery are contained in our Manual.

You will have no right, license or authority to advertise, promote, post or list information relating to the Cowboy Chicken products and services on the Internet without our prior written consent.

We reserve the right to establish maximum, minimum or other pricing requirements with respect to the prices you may charge for products or services, as permitted by law.

ITEM 17

RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

These tables list certain important provisions of the Franchise Agreement and the Area 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	§3(a)	The term is 10 years.
b. Renewal or extension of the term	§3(b)	One additional 10-year term.
c. Requirements for you to renew or extend	§3(b)	Your renewal right permits you to remain as a franchisee after the initial term of your Franchise Agreement expires. However, to remain a franchisee, you must meet all required conditions to renewal, including signing our then-current form of franchise agreement, which may be materially different than the form attached to this disclosure document. Other requirements are that you: (1) give us written notice of your decision to renew at least 6 months prior to the expiration of the initial term; (2) are in good standing under your Franchise Agreement and any other agreement between you or your affiliates and us or our affiliates; (3) have presented documentation satisfactory to us that you have the right to remain in possession of the premises for your Store; (4) have completed any necessary repairs and upgrades such that your Store complies with our then-current standards described in the Manual; (5) have paid the successor fee equal to one-half of the then-current initial franchise fee (currently \$17,500) plus all amounts necessary to reimburse us for our reasonable out-of-pocket costs and expenses associated with renewing the franchise; (6) have complied with our then-current training requirements for management personnel; and (7) sign and cause your principals to sign a general release in a form prescribed by us.
d. Termination by you	Not applicable	Not applicable.
e. Termination by us without cause	Not applicable	Not applicable.
f. Termination by us with cause	§20	We can terminate the Franchise Agreement only if you default or fail to comply with your obligations. The

PROVISION	SECTION OF FA	SUMMARY
		Franchise Agreement and Area Development Agreement contain cross-default provisions.
g. "Cause" defined – curable defaults	§20(a)	Curable defaults include 30 days to cure failure to acquire the premises in Accordance with Sections 5(a)-5(c) of the Franchise Agreement; finish out the Store in accordance with Section 5(e) of the Franchise Agreement; 30 days to cure failure to begin operating the Store by the earlier of the Opening Date or Opening Deadline; 30 days to cure failure to maintain an Operating Principal that has completed initial training; five days to cure any failure to make payments owed to us; three days to cure any understatement of Gross Sales or failure to report Gross Sales; and 30 days for failure to abide by our standards and requirements in connection with the operation of your business, or failure to meet any requirements or specifications established by us, and any other default not listed in h. ("non-curable faults") below.
h. "Cause" defined – non-curable defaults	§20(a)	Except as prohibited under state law, non-curable defaults include bankruptcy or insolvency (our right to terminate may not be enforceable under federal bankruptcy law); material misrepresentation or omission by you or your principals or affiliates that negatively affects us; except in the case of a force majeure event, cessation of operation of the Store for two or more consecutive days or on any single federally recognized holiday (except those holidays on which we have approved your Store to close as set forth in the Manual); surrender of control of the Store without our prior written consent; you or your principals or affiliates being held liable or convicted of a felony, indictable offense or other unlawful act or you or your principals or affiliates engaging in any dishonest or unethical conduct or act that may materially or adversely affect the brand, System or goodwill associated with the Marks; any unauthorized use or misuse of the Marks; any unauthorized transfer pursuant to Section 18 by you or any of your principals or affiliates; any unauthorized disclosure or use of our confidential information (including without limitation the Manual); any failure by you, your principals or your operator to comply with the representations, warranties and covenants set forth in the Franchise Agreement; termination by us or our affiliates of any other agreement with you or your affiliates; default under the lease for the Store premises and failure to cure such default (if curable); failure to pay any taxes applicable to the Store and its operations; failure to comply with applicable law; loss or revocation of any license or permit required to operate the Store; if, on three or more occasions in any 12-month period, you fail to submit when due reports or other information required under the Franchise Agreement; fail to pay when due any amounts due to us or our affiliates or fail to materially comply with the

PROVISION	SECTION OF FA	SUMMARY
		Franchise Agreement, regardless of whether you corrected such failures.
i. Your obligations on termination/nonrenewal	§21	Obligations include ceasing operation of your Store; payment of all amounts owed to us (including without limitation a lump sum payment of liquidated damages, described in Item 6); discontinuing the use of all Marks; ceasing use of the System and our confidential information (including without limitation the Manual) and returning copies of all such confidential information to us; assignment of telephone numbers, domain names, electronic mail address, websites, social media accounts and search engines related to the operation of the Store or the System or that otherwise associates you with the Cowboy Chicken brand to us or our designee; de-identification of your Store in accordance with our then-current standards described in the Manual; and compliance with all post-termination covenants and obligations, including without limitation confidentiality, competition and indemnification.
j. Assignment of contract by us	§18(a)	No restriction on our right to assign.
k. "Transfer" by you - definition	§18(b)	Includes any transfer of your interest in the Franchise Agreement, a controlling ownership interest in you or your interest in substantially all of the assets of you or the Store.
l. Our approval of transfer by you	§18(b)	We have the right to approve all transfers under the Franchise Agreement but will not unreasonably withhold approval.
m. Conditions for our approval of transfer	§18(c)	Except as prohibited under state law, you must be in full compliance with the Franchise Agreement and you, your affiliates and your principals must be current on all amounts owed to us or our affiliates; your proposed transferee must meet all of our then-current requirements for new franchisees and have complied with the then-current training requirements; your proposed transferee and its principals must sign our then-current form of franchise agreement and all ancillary agreements; you and your proposed transferee must have agreed to the terms of the purchase agreement and assumption of any lease of the Store premises and any equipment, if applicable; you must pay a transferee fee; you and your principals must execute a general release in favor of us and our affiliates, principals, successors, assigns, employees and agents; and other conditions that we may reasonably require from time to time as part of our transfer policies (also see r below).
n. Our right of first refusal to acquire your business	§18(f)	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	§22	Upon termination, we have the right to purchase or designate a third party that will purchase all or any portion of the assets of your Store, including the land, building, equipment, fixtures, signs, furnishings,

PROVISION	SECTION OF FA	SUMMARY
		supplies, leasehold improvements, liquor license and inventory. Upon expiration, we have the right to purchase or designate a third party that will purchase the franchised business. Qualified appraiser(s) will determine price as set forth in Schedule H of the Franchise Agreement.
p. Your death or disability	§18(e)	Upon death or disability of any of your principals that holds a controlling interest in you or if we determine the death or disability of one of your principals adversely affects the operation of the Store, you must transfer such principal's interest in you to a third party approved by us within six months of such death or disability.
q. Non-competition covenants during the term of the franchise	§19(a)	You and your principals will not divert any business or customer to a competitor, you will not perform any act injurious to or prejudicial to the goodwill associated with the Marks and the System and you will not be involved in a competing restaurant.
r. Non-competition covenants after the franchise is terminated or expires	§19(a)	For the two-year period following termination or expiration of the Franchise Agreement (and, with respect to your principals, for the two-year period following the date upon which your principal ceases being a "principal" as defined in the Franchise Agreement), you and your principals will not divert any business or customer to a competitor, you will not perform any act injurious to or prejudicial to the goodwill associated with the Marks and the System or be involved in a competing restaurant located (i) within the Designated Area defined in your Franchise Agreement; (ii) at or within three miles of the Store; or (iii) within three miles of any Cowboy Chicken store operating or under constructions in or outside the United States.
s. Modification of the agreement	§28(c)	Generally, no modifications without your consent, except that we may unilaterally change the scope of the competition covenants, Marks and Manual.
t. Integration/merger clause	§28(d) and 28(f)	Only the terms of the Franchise Agreement and its attached exhibits are binding (subject to applicable state law). Any representations or promises outside of the disclosure document and franchise agreement may not be enforceable. Notwithstanding the foregoing, nothing in any agreement is intended to disclaim the express representations made in the Franchise Disclosure Document, its exhibits and amendments.
u. Dispute resolution by arbitration or mediation	§26	Except for certain claim, all disputes must be mediated, and if not resolved, arbitrated in Texas unless contrary to applicable state law.
v. Choice of forum	§26(c)(7)	Arbitration must take place in Dallas, Texas. Litigation <i>re</i> intellectual property takes place in Dallas, Texas. (subject to state law)
w. Choice of law	§26(b)	Texas law applies (subject to state law).

AREA DEVELOPMENT AGREEMENT

PROVISION	SECTION OF DA	SUMMARY
a. Length of the development term	§3(a) and Exhibit A	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	§3(b)	You will have the option to renew your Area Development Agreement for a successor term, the term of which will depend on the number of Stores you commit to open.
c. Requirements for you to renew or extend the Area Development Agreement term	§3(b)	Your renewal right permits you to remain as a developer after the initial term of your Area Development Agreement expires. However, to remain a developer, you must meet all required conditions to renewal, including that you: (1) give us written notice of your decision to renew at least 6 months prior to the expiration of the initial term; (2) and your affiliates are in good standing under the Area Development Agreement, all Franchise Agreements and any other agreement between you or your affiliates and us or our affiliates; (3) and we agree upon a Development Schedule for the successor term that is memorialized in an amendment to your Area Development Agreement or set forth in a new Area Development Agreement that will be signed by you and us; (4) you pay us the successor fee; and (5) you and your principals sign a release of us and our affiliates, principals, successors, assigns, agents and employees in the form prescribed by us.
d. Termination by you	Not applicable	Not applicable.
e. Termination by us without cause	Not applicable	Not applicable.
f. Termination by us with cause	§12(a)	We can terminate the Area Development Agreement only if you default or fail to comply with your obligations. The Franchise Agreement and Area Development Agreement contain cross-default provisions.
g. "Cause" defined – curable defaults	§12(a)	Curable defaults include 30 days to cure failure to develop Stores in accordance with the Development Schedule; five days to cure any failure to make payments owed to us; and 30 days for failure to abide by our standards and requirements in connection with the operation of your business, or failure to meet any requirements or specifications established by us, and any other default not listed in h. ("non-curable faults") below.
h. "Cause" defined – non-curable defaults	§§12(a), 12(b), 12(c) and 12(d)	Except as prohibited under state law, non-curable defaults include bankruptcy or insolvency (our right to terminate may not be enforceable under federal bankruptcy law); material misrepresentation or omission by you or your principals or affiliates that negatively affects us; you or your principals or affiliates being held liable or convicted of a felony; indictable offense or other unlawful act or you or your principals or affiliates

PROVISION	SECTION OF DA	SUMMARY
		engaging in any dishonest or unethical conduct or act that may materially or adversely affect the brand, System or goodwill associated with the Marks; any unauthorized use or misuse of the Marks; any unauthorized transfer pursuant to Section 11 by you or any of your principals or affiliates; any unauthorized disclosure or use of our confidential information (including without limitation the Manual); any failure by you, your principals or your designated principal to comply with the representations, warranties and covenants set forth in the Area Development Agreement; termination by us or our affiliates of any other agreement with you or your affiliates; failure to pay any taxes applicable to your business and the development of the Stores; failure to comply with applicable law; loss or revocation of any license or permit required to develop the Stores; if, on three or more occasions in any 12-month period, you fail to materially comply with the Franchise Agreement, regardless of whether you corrected such failures.
i. Your obligations on termination/nonrenewal	§13	Obligations include ceasing operation of your Store; payment of all amounts owed to us (including without limitation a lump sum payment of liquidated damages, described in Item 6) and any designated or approved supplier; discontinuing the use of all Marks and ceasing use of the System and our confidential information (including without limitation the Manual) and returning copies of all such confidential information to us (except with respect to those Stores operated in accordance with a continuing Franchise Agreement with Franchisor); and compliance with all post-termination covenants and obligations, including without limitation confidentiality, competition and indemnification.
j. Assignment of contract by us	§11(a)	No restriction on our right to assign.
k. "Transfer" by you - definition	§11(b)	Includes any transfer of your interest in the Area Development Agreement or a controlling ownership interest in you or substantially all of your assets.
l. Our approval of transfer by you	§11(c)	We have the right to approve all transfers under the Area Development Agreement but will not unreasonably withhold approval.
m. Conditions for our approval of transfer	§11(c)	Except as prohibited under state law, you must be in full compliance with the Area Development Agreement, all Franchise Agreements and any other agreements between you or your affiliates and us and our affiliates; you must transfer all Franchise Agreements in accordance with the transfer requirements set forth therein with the transfer of your Area Development Agreement; you, your affiliates and your principals must be current on all amounts owed to us or our affiliates; your proposed transferee must meet all of our then-current requirements for new developers; your proposed transferee and its principals must sign our then-current form of Area Development Agreement and all ancillary

PROVISION	SECTION OF DA	SUMMARY
		agreements; you must pay a transferee fee; you and your principals must execute a general release in favor of us and our affiliates, principals, successors, assigns, employees and agents; and other conditions that we may reasonably require from time to time as part of our transfer policies (also see r below).
n. Our right of first refusal to acquire your business	Not applicable	None.
o. Our option to purchase your business	§13(e)	Upon termination, we have the right to purchase or designate a third party that will purchase the Stores or the assets of the Stores at our option. The purchase price for the Stores or assets will be determined by qualified appraiser(s) in accordance with Exhibit F of the Area Development Agreement.
p. Your death or disability	§14(e)	Upon death or disability of any of your principals that holds a controlling interest in you or if we determine the death or disability of one of your principals adversely affects the development of the Store, you must transfer such principal's interest in you to a third party approved by us within six months of such death or disability.
q. Non-competition covenants during the term of the franchise	§8(a)	You and your principals will not divert any business or customer to a competitor, you will not perform any act injurious to or prejudicial to the goodwill associated with the Marks and the System and you will not be involved in a competing restaurant.
r. Non-competition covenants after the franchise is terminated or expires	§8(a)	For the two-year period following termination or expiration of the Area Development Agreement (and, with respect to your principals, for the two-year period following the date upon which your principal ceases being a "principal" as defined in the Area Development Agreement), you and your principals will not divert any business or customer to a competitor, you will not perform any act injurious to or prejudicial to the goodwill associated with the Marks and the System or be involved in a competing restaurant located (i) within the Territory defined in your Area Development Agreement; or (ii) within three miles of any Cowboy Chicken Store operating or under constructions in or outside the United States.
s. Modification of the agreement	§17(d)	Generally, no modifications without your consent, except that we may unilaterally change the scope of the competition covenants and Manual.
t. Integration/merger clause	§17(e) and (g)	Only the terms of the Area Development Agreement and its attached exhibits are binding (subject to applicable state law). Any representations or promises outside of the disclosure document and franchise agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	§15	Except for certain claim, all disputes must be mediated, and if not resolve, arbitrated in Texas unless contrary to applicable law.
v. Choice of forum	§15(c)(7)	Litigation must be in the U.S. District Court for the Northern District of Texas, Dallas Division or District

PROVISION	SECTION OF DA	SUMMARY
		Courts of Texas: serving Dallas County, Texas (subject to state law).
W Choice of law	§15(b)	Arbitration must take place in Dallas, Texas. Litigation re intellectual property takes place in Dallas, Texas (subject to state law).

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 disclose information about the actual or potential financial performance of its franchised and/or company-owned Cowboy Chicken stores, provided there is a reasonable basis for the information, and the information is included in the disclosure document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing Store you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about performance at a particular location or under particular circumstances.

We do not make any representation's about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections for your future income, you should report it to our management by contacting Sean Kennedy at (972) 816-9410 or 3450 E. Hebron Parkway, Carrollton, Texas 75010, the Federal Trade Commission and the appropriate state regulatory agencies.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

TABLE No. 1
SYSTEMWIDE OUTLET SUMMARY
FOR FISCAL YEARS 2017 to 2019

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year*	Net Change
Franchised	2017	16	16	0
	2018	16	20	+4
	2019	20	17	-3
Company-Owned	2017	5	6	+1
	2018	6	6	0
	2019	6	6	0
Total Outlets	2017	21	22	+1
	2018	22	26	+4
	2019	26	23	-3

* As of the issuance date of this disclosure document, two franchised outlets have permanently closed and one franchised outlet was acquired by our affiliate.

TABLE No. 2
TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS
(OTHER THAN THE FRANCHISOR)
FOR FISCAL YEARS 2017 to 2019

State	Year	Number of Transfers
Alabama	2017	1
	2018	0
	2019	0
Texas	2017	1
	2018	0
	2019	0
Totals	2017	2
	2018	0
	2019	0

TABLE No. 3
FRANCHISED OUTLETS STATUS SUMMARY
FOR FISCAL YEARS 2017 to 2019

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	2017	1	0	0	0	0	0	1
	2018	1	0	0	0	0	1	0
	2019	0	0	0	0	0	0	0
California	2017	0	0	0	0	0	0	0
	2018	0	2	0	0	0	0	2
	2019	2	1	0	0	0	0	3
Iowa	2017	0	1	0	0	0	0	1
	2018	1	0	0	0	0	1	0
	2019	0	0	0	0	0	0	0

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
Georgia	2017	0	0	0	0	0	0	0
	2018	0	1	0	0	0	0	1
	2019	1	0	0	0	0	0	1
Kansas	2017	0	1	0	0	0	0	1
	2018	1	1	0	0	0	0	2
	2019	2	0	0	0	0	2	0
Louisiana	2017	1	0	0	0	0	0	1
	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
Nebraska	2017	1	0	0	0	0	0	1
	2018	1	0	0	0	0	1	0
	2019	0	0	0	0	0	0	0
Oklahoma	2017	0	1	0	0	0	0	1
	2018	1	1	0	0	0	0	2
	2019	2	0	0	0	0	0	2
South Dakota	2017	0	0	0	0	0	0	0
	2018	0	1	0	0	0	0	1
	2019	1	0	0	0	0	1	0
Texas	2017	13	4	0	0	1	2	10
	2018	10	1	0	0	0	0	11
	2019	11	0	0	0	1	0	10
Totals	2017	16	3	0	0	1	2	16
	2018	16	7	0	0	0	3	20
	2019	20	1	0	0	1	3	17

TABLE No. 4
COMPANY-OWNED OUTLETS STATUS SUMMARY
FOR FISCAL YEARS 2017 to 2019*

State	Year	Outlets Operating at Start of Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets Operating At Year End
Texas	2017	5	0	1	0	0	6
	2018	6	0	0	0	0	6
	2019	6	0	1	1	0	6
Totals	2017	5	0	1	0	0	6
	2018	6	0	0	0	0	6
	2019	6	0	1	1	0	6

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

TABLE No. 5
PROJECTED OPENINGS
AS OF DECEMBER 31, 2019

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
Totals	0	0	0

The names, addresses and telephone numbers of our franchisees on December 31, 2019 are listed on Exhibit G.

The name, city and state, and current business telephone number (or, if unknown, the last known home telephone number) of every franchisee who has had a Store terminated, cancelled or not renewed by us or who otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement or has not communicated with us within 10 weeks of the issuance date of this disclosure document, are listed on Exhibit G.

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 not signed any 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 includes our audited financial statements for the fiscal years ended December 31, 2019, 2018 and 2017 and our unaudited financial statements for the periods ended June 30, 2020 and March 31, 2020.

ITEM 22 **CONTRACTS**

The following agreements are attached as exhibits to this disclosure document:

Exhibit B	Area Development Agreement and Exhibits
Exhibit C	Franchise Agreement and Exhibits

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

COWBOY CHICKEN FRANCHISING, L.P.

FINANCIAL STATEMENTS

For the Years Ended

December 31, 2019 and 2018

with

Independent Auditors' Report

COWBOY CHICKEN FRANCHISING, L.P.

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS:	
Balance Sheets	3
Statements of Income and Partners' Deficit	4
Statements of Cash Flows	5
Notes to Financial Statements	7



INDEPENDENT AUDITORS' REPORT

To the Partners of
Cowboy Chicken Franchising, LP

We have audited the accompanying financial statements of Cowboy Chicken Franchising, LP (the "Partnership"), which comprise the balance sheets as of December 31, 2019 and 2018, and the related statements of income and partners' deficit and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control

relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Partnership as of December 31, 2019 and 2018, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Huseltin, Morgan + Maultsby, P.C.

Dallas, Texas
June 22, 2020

COWBOY CHICKEN FRANCHISING, L.P.

BALANCE SHEETS

December 31, 2019 and 2018

ASSETS

	<u>2019</u>	<u>2018</u>
Current assets:		
Cash and cash equivalents	\$ 358,997	\$ 335,041
Restricted cash	15,274	37,769
Accounts receivable - franchisees, net	191,039	176,690
Accounts receivable - related parties	558,775	194,264
Accounts receivable - other	86,760	149
Inventory	31,476	8,994
Prepaid expenses	6,268	-
Total current assets	<u>1,248,589</u>	<u>752,907</u>
Property and equipment, net	924	1,179
Other assets, net	<u>4,500</u>	<u>3,043</u>
Total assets	<u>\$ 1,254,013</u>	<u>\$ 757,129</u>

LIABILITIES AND PARTNERS' CAPITAL (DEFICIT)

Current liabilities:		
Accounts payable	\$ 130,326	\$ 170,284
Accounts payable - franchisees	156,138	174,431
Accounts payable - related parties	360,563	157,954
Accrued expense	-	10,032
Deferred revenue	9,315	37,769
Notes payable - current	<u>47,843</u>	<u>40,800</u>
Total current liabilities	<u>704,185</u>	<u>591,270</u>
Long-term portion of notes payable	<u>236,515</u>	<u>283,560</u>
Total liabilities	<u>940,700</u>	<u>874,830</u>
Partners' capital (deficit)	<u>313,313</u>	<u>(117,701)</u>
Total liabilities and partners' capital (deficit)	<u>\$ 1,254,013</u>	<u>\$ 757,129</u>

See accompanying notes to the financial statements.

COWBOY CHICKEN FRANCHISING, L.P.
STATEMENTS OF INCOME AND PARTNERS' CAPITAL (DEFICIT)
December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Operating revenues:		
Royalty fees	\$ 947,996	\$ 1,009,593
Franchise and development fees	215,000	105,000
Brand fund	612,960	589,033
Total operating revenues	<u>1,775,956</u>	<u>1,703,626</u>
Operating expenses:		
Brand fund	592,823	587,184
Salaries and related taxes	397,869	589,992
Professional fees	127,743	104,478
Travel and entertainment	122,016	159,102
Advertising	100,894	75,657
General and administrative	43,394	75,970
Quality assurance	21,313	21,850
Dues and subscriptions	17,826	21,816
Insurance	14,648	6,143
Bad debt	85,072	53,657
Depreciation and amortization	1,005	1,669
Total operating expenses	<u>1,524,603</u>	<u>1,697,518</u>
Income from operations	<u>251,353</u>	<u>6,108</u>
Other income (expense):		
Other income	202,277	61,671
Interest expense	(17,216)	(23,479)
Total other income (expense)	<u>185,061</u>	<u>38,192</u>
Income before provision for state margin tax	<u>436,414</u>	<u>44,300</u>
Provision for state margin tax	(5,400)	(4,597)
Net income	431,014	39,703
Partners' deficit, beginning of year	(117,701)	(76,449)
Prior period adjustment (see Note 7)	-	(80,955)
Partners' deficit, beginning of year - restated	(117,701)	(157,404)
Partners' capital (deficit), end of year	<u>\$ 313,313</u>	<u>\$ (117,701)</u>

See accompanying notes to the financial statements.

COWBOY CHICKEN FRANCHISING, L.P.

STATEMENTS OF CASH FLOWS

December 31, 2019 and 2018

	2019	2018
Cash flows from operating activities:		
Net income	\$ 431,014	\$ 39,703
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	1,005	1,669
Bad debt expense	85,072	53,657
Changes in operating assets and liabilities:		
(Increase) decrease in:		
Restricted cash	22,495	(16,774)
Accounts receivable - franchisees	(99,421)	(87,521)
Accounts receivable - related parties	(364,511)	(128,674)
Accounts receivable - other	(86,611)	2,984
Inventory	(22,482)	(6,400)
Prepaid expenses	7,776	8,004
Increase (decrease) in:		
Accounts payable	(39,958)	149,905
Accounts payable - franchisees	(18,293)	120,193
Accounts payable - related parties	202,609	(10,116)
Accrued expenses	(10,032)	5,035
Deferred revenue	(28,454)	(43,185)
Net cash provided by operating activities	<u>80,209</u>	<u>88,480</u>
Cash flows from investing activities:		
Purchase of property and equipment	(2,207)	(866)
Net cash used by investing activities	<u>(2,207)</u>	<u>(866)</u>
Cash flows from financing activities:		
Principal payments on notes payable	(54,046)	(38,430)
Net cash used by financing activities	<u>(54,046)</u>	<u>(38,430)</u>
Net increase in cash	23,956	49,184
Cash, beginning of year	335,041	285,857
Cash, end of year	<u>\$ 358,997</u>	<u>\$ 335,041</u>

(Continued)

See accompanying notes to the financial statements.

COWBOY CHICKEN FRANCHISING, L.P.

STATEMENTS OF CASH FLOWS

December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
<u>Supplemental disclosures:</u>		
Interest paid	<u>\$ 18,352</u>	<u>\$ 20,530</u>
Taxes paid	<u>\$ 3,945</u>	<u>\$ 4,497</u>

Non-cash investing and financing activities:

For the years ended December 31, 2019 and 2018, prepaid insurance financed through notes payable totals \$14,044 and \$0, respectively.

See accompanying notes to the financial statements.

COWBOY CHICKEN FRANCHISING, L.P.

NOTES TO FINANCIAL STATEMENTS

December 31, 2019 and 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Partnership

Cowboy Chicken Franchising, LP ("Partnership") was organized on January 31, 2007, as a Texas limited partnership with a term extending to December 31, 2050. The Partnership was formed to license franchise rights to the "Cowboy Chicken" restaurant concept, currently owned by Cowboy Chicken Enterprises, LP. The Partnership is affiliated with Cowboy Chicken Enterprises, LP, Cowboy Chicken Airpark, LP, Cowboy Chicken Overton, LP, CCE Capital Partners, LP, Cowboy Chicken Forney, LP, and Cowboy Chicken Waxahachie, LP by common ownership. Cowboy Chicken Enterprises, LP and affiliates currently operate six restaurant locations in the north Texas area. At December 31, 2019 and 2018, respectively, there were 23 and 26 franchise restaurants open and operating in Texas, Louisiana, Alabama, Indiana, Georgia, Kansas, Oklahoma, California, and South Dakota.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting and conform to accounting principles generally accepted in the United States of America.

New Accounting Pronouncements

The Partnership's management has elected the private company option to defer implementation of Accounting Standards Update No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, until the year ended December 31, 2020.

Use of Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

Fair Value of Financial Instruments

The Partnership's financial instruments, none of which are held for trading purposes, include cash, accounts receivable, accounts payable, accrued expenses, and notes payable. Management estimates that the fair value of all financial instruments at December 31, 2019 and 2018 does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying financial statements.

Cash and Cash Equivalents

Cash equivalents include time deposits, certificates of deposit, and all highly liquid debt instruments with original maturities of three months or less.

Restricted Cash

Restricted cash held by the Partnership relates to cash provided by franchisees that is to be used solely for marketing and advertising purposes.

Concentrations of Credit Risk

Financial instruments that potentially subject the Partnership to a concentration of credit risk principally consist of cash and trade receivables. The Partnership's franchisees operate in Texas, Louisiana, Alabama, Iowa, Georgia, Kansas, Oklahoma, California, and South Dakota. To reduce credit risk, the Partnership performs on-going credit evaluations of its franchisees' financial condition.

In the normal course of business, the Partnership may have bank account balances in excess of federally insured limits. If cash balances exceed the amounts covered by insurance provided by the Federal Deposit Insurance Corporation, the excess balances could be at risk of loss. The amount at risk of loss at December 31, 2019 is \$124,866.

Allowance for Doubtful Accounts

The Partnership provides for an allowance for doubtful accounts which is based on review of outstanding receivables taking into consideration the age of past due amounts and the franchisee's ability to pay. Management considers receivables to be delinquent and subject to

reserve after all reasonable efforts have been made to collect the amount due. Account balances are charged off against the allowance once recovery is considered remote.

Inventory

Inventory is valued at the lower of cost or net realizable value computed on the first-in, first-out method of accounting.

Property and Equipment

Property and equipment are stated at cost, less accumulated depreciation. Property and equipment are depreciated over their estimated useful lives using the straight-line method. Expenditures for maintenance and repairs are charged against operations in the period incurred. Renewals and betterments that materially extend the life of the assets are capitalized.

Revenue Recognition

The Partnership's revenues consist of franchise fees, continuing royalties and development fees. The Partnership grants the rights to develop franchise locations within defined territories in exchange for development fees. Development fees are collected and recognized at the time a territory is defined and a development agreement is signed. Initial development fees recognized during the year ended December 31, 2019 totaled \$200,000. Franchise fees are collected at the time the franchisee signs the agreement and the Partnership approves the franchise. These fees are deferred until the pre-opening obligations under the franchise agreements have been fulfilled, which coincides with the opening of the franchise locations. Royalties in the amount of five percent of the franchise store revenues are collected weekly and recognized in the period earned. The royalties collected offset costs to the Partnership to enhance and protect the integrity and value of the Cowboy Chicken brand. This includes costs that ensure that operating standards are being met by providing ongoing support such as periodic training, store visits, and consultation.

Deferred franchise fee revenue represents that portion of total revenue from initial franchise sales attributable to services required to be provided by the Partnership that have not yet been performed. These services include the provision of the store specification, personnel

qualification guidelines, training, and advertising consultations. The Partnership had no deferred franchise fee revenue at December 31, 2019.

Brand Fund

The Partnership maintains a segregated fund where advertising fees are collected and used to promote and market the Cowboy Chicken brand. Advertising fees of two percent of store revenues are collected weekly and recognized in the period earned. During the year ended December 31, 2019 and 2018, advertising fees collected exceeded the marketing costs. This excess is included in deferred revenue on the accompanying balance sheet.

Advertising

The Partnership expenses advertising costs as they are incurred. Advertising expenses, separate from brand fund expenditures, total \$100,894 and \$75,657 for the years ended December 31, 2019 and 2018, respectively.

Income Taxes

Under existing provisions of the Internal Revenue Code, the income or loss of a partnership is recognized by the individual partners for federal income tax purposes. Accordingly, no provision for federal income tax has been made in the accompanying financial statements. However, the Partnership is subject to Texas margin tax. For the years ended December 31, 2019 and 2018, Texas margin tax totals \$5,400 and \$4,597, respectively.

Management has evaluated the Partnership's uncertain tax positions and has not identified any material uncertain tax positions that would not be sustained in a federal or state income tax examination. Accordingly, no provision for uncertainties in income taxes has been made in the accompanying financial statements. The Partnership is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

Reclassifications

Certain reclassifications have been made to the presentation of the financial statements for the year ended December 31, 2018 to correspond with the current year's financial statements' format. Total partners' deficit and net income are unchanged due to these reclassifications.

Subsequent Events

Management has evaluated subsequent events through June 22, 2020, the date the financial statements were available to be issued. See Note 8 for further information.

2. INVENTORY

The following is a summary of inventory at December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Small wares and store fixtures	\$ 17,707	\$ 2,594
Rotisserie ovens	<u>13,769</u>	<u>6,400</u>
Total	<u>\$ 31,476</u>	<u>\$ 8,994</u>

3. PROPERTY AND EQUIPMENT

The following is a summary of property and equipment and related accumulated depreciation at December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Equipment	\$ 866	\$ 866
Other property	<u>574</u>	<u>574</u>
	1,440	1,440
Less: accumulated depreciation	<u>(516)</u>	<u>(261)</u>
Total	<u>\$ 924</u>	<u>\$ 1,179</u>

Depreciation expense totals \$255 and \$169 for the years ended December 31, 2019 and 2018, respectively.

4. OTHER ASSETS

The following is a summary of other assets and related accumulated amortization at December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Photographic rights	\$ 7,500	\$ 7,500
Less: accumulated amortization	<u>(3,000)</u>	<u>(4,457)</u>
Total	<u>\$ 4,500</u>	<u>\$ 3,043</u>

Amortization expense totals \$750 and \$1,500 for the years ended December 31, 2019 and 2018, respectively.

Estimated amortization expense for subsequent years is as follows:

2020	\$ 750
2021	750
2022	750
2023	750
2024	750
Thereafter	<u>750</u>
Total	<u>\$ 4,500</u>

5. NOTES PAYABLE

	<u>2019</u>	<u>2018</u>
Note payable to Gillian S. Menter totaling \$444,000, dated August 19, 2015, payable in monthly installments of \$4,929, bearing interest at 6% annually, matures on July 31, 2025. Secured by the partnership assets.	\$ 280,048	\$ 324,360
Note payable to IPFS for insurance premiums totaling \$14,044 payable in monthly installments of principal and interest, bearing an interest rate of 7.2 percent, due May 2020.	<u>4,310</u>	<u>-</u>
	284,358	324,360
Less current portion	<u>(43,533)</u>	<u>(43,533)</u>
Total	<u>\$ 240,825</u>	<u>\$ 280,827</u>

For the years ended December 31, 2019 and 2018, interest expense related to the notes payable totals \$17,216 and \$23,479, respectively.

The following are approximate maturities of the long-term debt:

2020	\$ 47,843
2021	46,218
2022	49,069
2023	52,085
2024	55,308
Thereafter	<u>33,835</u>
Total	<u>\$ 284,358</u>

6. RELATED PARTY TRANSACTIONS

In the ordinary course of business, the Partnership transacts with affiliated companies. The following is a summary of related party receivables at December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
CCE Capital Partners, LP	\$ 296,103	\$ -
Cowboy Management, LLC	183,526	176,281
Cowboy Chicken Airpark, LP	36,333	-
Cowboy Chicken Overton, LP	22,717	11,952
Cowboy Chicken Waxahachie, LP	12,146	5,031
Cowboy Chicken Forney, LP	6,950	-
Partner receivable	<u>1,000</u>	<u>1,000</u>
Total	<u>\$ 558,775</u>	<u>\$ 194,264</u>

Cowboy Chicken Enterprises, LP ("CCE") has made advances to the Partnership to fund organizational and operating costs. Cowboy Chicken Airpark, LP has made advances to the Partnership to fund payroll costs.

The following is a summary of related party payables at December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Cowboy Chicken Enterprises, LP	\$ 150,346	\$ 106,901
Cowboy Chicken Airpark, LP	106,093	49,763
Cowboy Chicken Management	98,318	-
Cowboy Chicken Overton, LP	5,676	-
CCE Capital Partners, LP	<u>130</u>	<u>1,290</u>
Total	<u>\$ 360,563</u>	<u>\$ 157,954</u>

CCE maintains storage space that is utilized by Cowboy Franchising, L.P. Rent expense paid to CCE totals \$9,922 and \$5,085 for the years ended December 31, 2019 and 2018.

7. CORRECTION OF AN ERROR

An adjustment to correct an error was made to the 2018 financial statement. In previous periods, unused brand fund revenues totaling \$20,995 were not deferred for use in future periods, which is the commonly accepted practice under generally accepted accounting principles in the United States of America. Additionally, franchise fee revenue totaling \$60,000 was improperly recognized in prior periods upon execution of the signed contracts. These franchise fees should have been deferred until the pre-opening obligations under the franchise agreements were fulfilled, which coincided with the opening of the franchise locations in 2018. Accordingly, net income for preceding periods and partners' deficit at the beginning of 2018 was reduced and increased appropriately by \$80,995.

8. SUBSEQUENT EVENT

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic, which continues to spread throughout the United States. As a result, certain franchisees are temporarily offering to-go orders only, reducing store operating hours, and have seen a reduction in consumer traffic, all resulting in a negative impact to stores sales and to the Partnership's royalty and brand fee income. To help ease the cash flow burden of COVID-19, franchisees were offered a 50 percent deferral of royalties in April and May 2020. While the disruption is currently expected to be temporary, there is uncertainty around the duration. Therefore, while we expect this matter to negatively impact our business, results of operations, and financial position, the financial impact cannot be reasonably estimated at this time.

COWBOY CHICKEN FRANCHISING, LP

FINANCIAL STATEMENTS

December 31, 2017 and 2016

INDEX

	Page
Independent Auditor's Report	1-2
Balance Sheet	3
Statement of Income and Partners' Equity	4
Statement of Cash Flows	5
Notes to the Financial Statements	6-9

Mike Dunson, CPA
12655 N. Central Expressway, Suite 700
Dallas, Texas 75243
Tel (972) 458-1182 Fax (972) 934-0633

INDEPENDENT AUDITOR'S REPORT

Cowboy Chicken Franchising, LP
Plano, Texas

Report on the Financial Statements

I have audited the accompanying financial statements of Cowboy Chicken Franchising, LP as of December 31, 2017 and 2016, which comprise the balance sheets as of December 31, 2017 and 2016, and the related statements of income and partners' equity and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audits. I conducted my audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Cowboy Chicken Franchising, LP as of December 31, 2017 and 2016, and the results of its operations and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Mike Dunson

Mike Dunson, CPA
April 25, 2018

COWBOY CHICKEN FRANCHISING, LP
BALANCE SHEET

	<u>December 31,</u> <u>2017</u>	<u>December 31,</u> <u>2016</u>
<u>ASSETS</u>		
Current Assets:		
Cash and cash equivalents	\$ 306,852	\$ 253,857
Accounts receivable - franchisees	142,826	33,395
Accounts receivable - related parties	65,589	34,035
Accounts receivable - other	3,134	3,134
Inventory	2,594	2,594
Prepaid expenses	8,004	6,656
Total Current Assets	<u>528,999</u>	<u>333,671</u>
Property and equipment, net	<u>5,025</u>	<u>6,607</u>
TOTAL ASSETS	\$ <u>534,024</u>	\$ <u>340,278</u>
<u>LIABILITIES AND PARTNERS' EQUITY</u>		
Current Liabilities:		
Accounts payable	\$ 20,378	\$ 2,829
Accounts payable - franchisees	54,238	41,567
Accrued expenses	4,997	4,067
Accounts payable - related parties	168,070	97,647
Current portion of long-term debt	48,161	36,378
Total Current Liabilities	<u>295,844</u>	<u>182,488</u>
Long-term debt	<u>314,629</u>	<u>359,675</u>
Total Liabilities	610,473	542,163
Partners' Equity (Deficit)	<u>(76,449)</u>	<u>(201,885)</u>
TOTAL LIABILITIES AND PARTNERS' EQUITY	\$ <u>534,024</u>	\$ <u>340,278</u>

See accompanying notes

COWBOY CHICKEN FRANCHISING, LP
STATEMENT OF INCOME AND PARTNERS' EQUITY

	Year Ended December 31, 2017	Year Ended December 31, 2016
REVENUES		
Royalties and other franchisee income	\$ 1,386,873	\$ 991,300
Development and initial franchise fees	326,500	200,000
Other income		58,028
Total Revenue	<u>1,713,373</u>	<u>1,249,328</u>
OPERATING EXPENSES		
Advertising expense	592,827	202,993
Commissions	128,250	76,667
Convention expense	10,452	11,645
Depreciation expense	1,582	1,457
Dues and subscriptions	17,676	30,968
Employee benefits	11,433	15,330
Insurance expense	4,138	7,960
Interest expense	20,968	24,908
Office supplies and expense	5,526	2,784
Professional fees and expense	135,894	92,293
Quality assurance expense	19,700	16,150
Salaries and wages	501,419	467,770
Taxes	51,228	40,081
Travel and entertainment	74,986	82,750
Other expenses	11,858	21,293
	<u>1,587,937</u>	<u>1,095,049</u>
NET INCOME	125,436	154,279
Partners' Equity (Deficit), beginning of year	<u>(201,885)</u>	<u>(356,164)</u>
Partners' Equity (Deficit), End of year	<u>\$ (76,449)</u>	<u>\$ (201,885)</u>

See accompanying notes

COWBOY CHICKEN FRANCHISING, LP
STATEMENT OF CASH FLOWS

	Year Ended December 31, 2017	Year Ended December 31, 2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income	\$ 125,436	\$ 154,279
Adjustments to reconcile net income to cash provided by operating activities		
Depreciation expense	1,582	1,457
Decrease (increase) in accounts receivable - franchisees	(109,431)	(16,307)
Decrease (increase) in accounts receivable - related parties	(31,554)	(20,207)
Decrease (increase) in accounts receivable - other		(3,134)
Decrease (increase) in inventory		4,441
Decrease (increase) in prepaid expenses	(1,348)	(6,656)
Increase (decrease) in accounts payable	30,220	34,845
Increase (decrease) in accrued expenses	930	4,067
Increase (decrease) in accounts payable - related parties	70,423	12,152
Net cash Provided (Used) by Operating Activities	<u>86,258</u>	<u>164,937</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and photographic rights		(7,500)
Net Cash Provided (Used) by Investing Activities		<u>(7,500)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long-term debt	(33,263)	(34,264)
Net Cash Provided (Used) by Financing Activities	<u>(33,263)</u>	<u>(34,264)</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	52,995	123,173
CASH AND CASH EQUIVALENTS, Beginning of Year	<u>253,857</u>	<u>130,684</u>
CASH AND CASH EQUIVALENTS, End of Year	<u>\$ 306,852</u>	<u>\$ 253,857</u>
<u>SUPPLEMENTAL DISCLOSURES</u>		
Cash paid for:		
Interest expense	<u>\$ 20,968</u>	<u>\$ 24,908</u>

See accompanying notes

COWBOY CHICKEN FRANCHISING, LP
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017 and 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cowboy Chicken Franchising, LP ("Company") was organized on January 31, 2007, as a Texas limited partnership with a term extending to December 31, 2050. The Company was formed to license franchise rights to the "Cowboy Chicken" restaurant concept, currently owned by Cowboy Chicken Enterprises LP. The Company is affiliated with Cowboy Chicken Enterprises LP, Cowboy Chicken Airpark LP, Cowboy Chicken Overton LP, CCE Capital Partners LP, and Cowboy Chicken Waxahachie, LP by common ownership. Cowboy Chicken Enterprises LP and affiliates currently operate five restaurant locations in the north Texas area. At December 31, 2017, there are 22 franchise restaurants open and operating in Texas, Louisiana, Nebraska, Alabama, Indiana and South Dakota.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting and conform to accounting principles generally accepted in the United States of America.

Revenue Recognition

The Company's revenues consist of development fees, initial franchise fees, and continuing royalties. The Company grants the rights to develop franchise locations within defined territories in exchange for development fees. These fees are recognized as revenue on the date the rights are granted. A portion of the development fees collected are applied to the first franchise location opened. Additional franchise fees are collected at the time the Company approves additional locations selected by the franchisees. These fees are deferred until the obligations under the franchise agreements have been fulfilled, which typically coincide with the opening of the franchise locations. Royalties in the amount of 5% and advertising fees of 2% of the franchise store revenues are collected weekly and recognized in the period earned. The royalty fee is paid for the ongoing rights to use trademarks, logos, proprietary items, and the business system. The royalties collected offset costs to the Company to enhance and protect the integrity and value of the Cowboy Chicken brand. This includes costs that ensure that operating standards are being met by providing ongoing support such as periodic training, store visits, and consultation. Advertising fees collected are to promote and market the Cowboy Chicken brand.

Cash and Cash Equivalents

Cash equivalents include time deposits, certificates of deposit, and all highly liquid debt instruments with original maturities of three months or less.

Inventory

Inventory is valued at cost computed on the first-in, first-out method of accounting.

Property and Equipment

Property and equipment are stated at cost. Expenditures for maintenance and repairs are charged against operations in the period incurred. Renewals and betterments that materially extend the life of the assets are capitalized. Property and equipment are depreciated over their estimated useful lives using the straight-line method.

Advertising

The Company expenses advertising costs as they are incurred. Advertising expenses for the years ended December 31, 2017 and 2016 were \$592,827 and \$202,993, respectively.

COWBOY CHICKEN FRANCHISING, LP
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017 and 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Income Taxes

The Company operates as a partnership. In general, the federal income tax that results from income generated in a partnership is the liability of individual partners. Consequently, no federal income taxes have been provided in the accompanying financial statements.

Management has determined that the Company does not have any uncertain tax positions and associated unrecognized benefits or liabilities that materially impact the financial statement or related disclosures. Since tax matters are subject to some degree of uncertainty, there can be no assurance that the Company's tax returns will not be challenged by the taxing authorities and that the Company will not be subject to additional tax, penalties, and interest as a result of such challenge. Generally, the Company's tax returns remain open for three years for federal income tax examination. Management believes the Company is no longer subject to income tax examinations for the years prior to year ended December 31, 2014.

Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

Concentrations of Credit Risk

Financial instruments that potentially subject the Company to a concentration of credit risk principally consist of cash and trade receivables. The Company's franchisees operate in Texas, Louisiana, Nebraska and Alabama. To reduce credit risk, the Company performs on-going credit evaluations of its franchisees' financial condition. In the normal course of business, the Company may have bank account balances in excess of federally insured limits.

Date of Management's Review

For the year ended December 31, 2017, subsequent events were evaluated by management through April 25, 2018, which is the date the financial statements were available to be issued.

NOTE 2 - INVENTORY

Inventory of \$2,594 at December 31, 2017 and 2016, consist of small wares and store fixtures.

COWBOY CHICKEN FRANCHISING, LP
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017 and 2016

NOTE 3 – PROPERTY AND EQUIPMENT

Depreciation expense was \$1,582 and \$1,457 for the year ended December 31, 2017 and 2016. The following is a summary of property and equipment at December 31, 2017 and 2016:

	<u>2017</u>	<u>2016</u>	<u>Estimated Useful Life</u>
Office equipment	\$ 574	\$ 574	7 years
Photographic rights	7,500	7,500	5 years
	<u>8,074</u>	<u>8,074</u>	
Less: Accumulated depreciation	3,049	1,467	
Total Property and Equipment	<u>\$ 5,025</u>	<u>\$ 6,607</u>	

NOTE 4- NOTE PAYABLE

Total interest expense was \$20,968 and \$24,908 for the years ended December 31, 2017 and 2016. At December 31, 2017, the Company has a promissory note payable in the amount of \$362,790, due in monthly installments of \$4,929, at 6% per annum, maturing July 31, 2025 and secured by the partnership's property. The note payable was for the purpose of the redemption of partners in the amount of \$444,000 in 2015. The following are approximate maturities of the long-term debt:

<u>Year Ended December 31,</u>	<u>Amount</u>
2018	\$ 48,161
2019	41,004
2020	43,533
2021	46,218
2022	49,069
thereafter	<u>134,805</u>
	<u>\$ 362,790</u>

NOTE 5 – DEVELOPMENT AND FRANCHISE AGREEMENTS

The development agreement grants the prospective franchise owner a specific territory to operate franchise locations. The development fee is \$20,000 for each franchise location to be developed in the territory. The franchise agreement grants the franchisee the right to a specific franchise location and assistance to be provided by the Company including the provision of store specification, personnel qualification guidelines, training, and advertising consultations. The franchise fee is \$15,000 per franchise location and is due when the store lease is signed. Generally, the Company's obligations are satisfied upon the opening of the franchise location, and any franchise fees collected pursuant to the franchise agreement are deferred until such date.

COWBOY CHICKEN FRANCHISING, LP
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017 and 2016

NOTE 6 - RELATED PARTY TRANSACTIONS

Cowboy Chicken Enterprises, LP shares common ownership and has made advances to the Company to fund organizational and operating costs. Cowboy Chicken Airpark, LP shares common ownership and has made advances to the Company to fund payroll costs. CCE Capital Partners, LP, and Cowboy Chicken Waxahachie, LP are affiliated by common ownership.

The following is a summary of related party transactions and balances for years ended December 31:

	2017	2016
Accounts receivable - Overton, LP	\$ 11,718	\$ 8,581
Accounts receivable - Cowboy Chicken Airpark, LP	\$ 19,115	\$ 16,425
Accounts receivable - CCE Capital Partners, LP	4 (3,507)	\$ 1,229
Accounts receivable - Cowboy Chicken Waxahachie LP	\$ 1,764	\$
Accounts receivable - partners	\$ 36,500	\$ 7,800
Accounts payable - Cowboy Chicken Enterprises, LP	\$ 138,403	\$ 49,189
Accounts payable - Cowboy Chicken Airpark, LP	\$ 26,481	\$ 45,272
Accounts payable - Cowboy Chicken Overton, LP	\$ 3,186	\$ 3,186



Franchising

Cowboy Chicken-Franchising BALANCE SHEET

	Year Ending 12/31/2019	Period Ending 03/31/2020
ASSETS		
CURRENT ASSETS		
CASH	361,385	333,346
ACCOUNTS RECEIVABLE - FRANCHISING	65,820	42,036
INVENTORY	31,476	31,476
PREPAID EXPENSE	22,908	20,797
CURRENT ASSETS	<u>481,589</u>	<u>427,655</u>
PROPERTY AND EQUIPMENT		
LEASEHOLD IMPROVEMENTS	574	574
PROPERTY AND EQUIPMENT	574	574
ACCUMULATED DEPRECIATION	(2,736)	(2,735)
PROPERTY & EQUIPMENT NET	<u>3,310</u>	<u>3,309</u>
OTHER ASSETS		
INTANGIBLE ASSETS	6,500	6,500
ACCOUNTS RECEIVABLE OTHER	117,531	118,518
ACCOUNTS RECEIVABLE FRANCHISES	167,160	163,758
ACCTS REC (PAY) INTERCO	20,931	92,008
OTHER ASSETS	<u>312,122</u>	<u>380,784</u>
ASSETS	<u>\$ 797,021</u>	<u>\$ 811,748</u>
LIABILITIES & MEMBER EQUITY		
LIABILITIES		
CURRENT LIABILITIES		
ACCOUNTS PAYABLE	\$ 118,110	\$ 146,468
ACCRUED PAYROLL	955	955
ACCRUED EXPENSE	91,299	89,636
DEFERRED REVENUE	28,229	28,229
CURRENT LIABILITIES	<u>238,593</u>	<u>265,288</u>
LONG TERM LIABILITIES	<u>279,182</u>	<u>272,106</u>
TOTAL LIABILITIES	<u>517,775</u>	<u>537,394</u>
MEMBER EQUITY	<u>279,246</u>	<u>274,354</u>
LIABILITIES & MEMBER EQUITY	<u>\$ 797,021</u>	<u>\$ 811,748</u>

THESE FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED HIS/HER OPINION WITH REGARD TO THE CONTENT OR FORM.



Franchising

Cowboy Chicken-Franchising
INCOME STATEMENT
Year-to-Date As of March 31, 2020

	Quarter Ending 03/31/2020	Year To Date 03/31/2020
	<u>Actual</u>	<u>Actual</u>
SALES		
FRANCHISE REVENUE	170,099	170,099
BRAND FUND REVENUE	117,110	117,110
SALES	<u>287,209</u>	<u>287,209</u>
LABOR & BENEFITS		
BENEFITS	3,592	3,592
LABOR & BENEFITS	<u>3,592</u>	<u>3,592</u>
GROSS PROFIT	283,617	283,617
CONTROLLABLE COSTS	<u>1,765</u>	<u>1,765</u>
PAGE	281,852	281,852
NON-CONTROLLABLE COSTS	11,820	11,820
ADVERTISING & PROMO	<u>3,277</u>	<u>3,277</u>
STORE LEVEL EBITDA	266,755	266,755
OVERHEAD	148,593	148,593
ADVERTISING	<u>117,341</u>	<u>117,341</u>
OPERATING INCOME (LOSS)	<u>821</u>	<u>821</u>
OTHER (INCOME) EXPENSE	<u>5,713</u>	<u>5,713</u>
NET INCOME (LOSS)	<u>\$ (4,892)</u>	<u>\$ (4,892)</u>

THESE FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED HIS/HER OPINION WITH REGARD TO THE CONTENT OR FORM.



Franchising

Cowboy Chicken-Franchising BALANCE SHEET

	Year Ending 12/31/2019	Period Ending 06/30/2020
ASSETS		
CURRENT ASSETS		
CASH	361,385	330,586
ACCOUNTS RECEIVABLE - FRANCHISING	65,820	42,037
INVENTORY	31,476	31,476
PREPAID EXPENSE	22,908	20,763
CURRENT ASSETS	<u>481,589</u>	<u>424,862</u>
PROPERTY AND EQUIPMENT		
EQUIPMENT	0	3,789
LEASEHOLD IMPROVEMENTS	574	573
PROPERTY AND EQUIPMENT	<u>574</u>	<u>4,362</u>
ACCUMULATED DEPRECIATION	(2,736)	(2,736)
PROPERTY & EQUIPMENT NET	<u>3,310</u>	<u>7,098</u>
OTHER ASSETS		
INTANGIBLE ASSETS	6,500	6,500
ACCOUNTS RECEIVABLE OTHER	117,531	115,531
ACCOUNTS RECEIVABLE FRANCHISES	167,160	164,120
ACCTS REC (PAY) INTERCO	20,931	57,487
OTHER ASSETS	<u>312,122</u>	<u>343,638</u>
ASSETS	<u>\$ 797,021</u>	<u>\$ 775,598</u>
LIABILITIES & MEMBER EQUITY		
LIABILITIES		
CURRENT LIABILITIES		
ACCOUNTS PAYABLE	\$ 118,110	\$ 117,401
ACCRUED PAYROLL	955	955
ACCRUED EXPENSE	91,299	129,191
DEFERRED REVENUE	28,229	30,905
CURRENT LIABILITIES	<u>238,593</u>	<u>278,452</u>
LONG TERM LIABILITIES	<u>279,182</u>	<u>268,542</u>
TOTAL LIABILITIES	<u>517,775</u>	<u>546,994</u>
MEMBER EQUITY	<u>279,246</u>	<u>228,604</u>
LIABILITIES & MEMBER EQUITY	<u>\$ 797,021</u>	<u>\$ 775,598</u>

THESE FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED HIS/HER OPINION WITH REGARD TO THE CONTENT OR FORM.



Franchising

Cowboy Chicken-Franchising
INCOME STATEMENT
Year-to-Date As of June 30, 2020

	Quarter Ending 06/30/2020 <u>Actual</u>	Year To Date 06/30/2020 <u>Actual</u>
SALES		
FRANCHISE REVENUE	80,614	250,713
BRAND FUND REVENUE	77,121	194,231
SALES	<u>157,735</u>	<u>444,944</u>
LABOR & BENEFITS		
LABOR	280	280
BENEFITS	(4,861)	(1,269)
LABOR & BENEFITS	<u>(4,581)</u>	<u>(989)</u>
GROSS PROFIT	162,316	445,933
CONTROLLABLE COSTS	<u>2,422</u>	<u>4,187</u>
PACE	159,894	441,746
NON-CONTROLLABLE COSTS	8,145	19,965
ADVERTISING & PROMO	<u>278</u>	<u>3,556</u>
STORE LEVEL EBITDA	151,471	418,225
OVERHEAD	102,144	250,736
ADVERTISING	<u>90,569</u>	<u>207,910</u>
OPERATING INCOME (LOSS)	<u>(41,242)</u>	<u>(40,421)</u>
OTHER (INCOME) EXPENSE	<u>4,508</u>	<u>10,221</u>
NET INCOME (LOSS)	<u>\$ (45,750)</u>	<u>\$ (50,642)</u>

THESE FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED HIS/HER OPINION WITH REGARD TO THE CONTENT OR FORM.

EXHIBIT B

AREA DEVELOPMENT AGREEMENT



COWBOY CHICKEN FRANCHISING, LP



SUMMARY PAGE

This Area Development Agreement is made and entered into by and between Franchisor and Developer identified below. This Summary Page summarizes certain provisions of this Area Development Agreement to which it is attached. In the event of any conflict in the Summary Page and the Area Development Agreement, the provisions of the Area Development Agreement will control.

Effective Date: _____

Expiration Date: _____

Developer: _____

Business Entity: _____ corporation _____ partnership _____ limited liability company,
formed under the laws of _____.

Designated Principal: _____

Development Fee: _____ [\$35,000 for the first
Store plus \$20,000 for each additional Store]

Initial Franchise Fee: \$35,000 per Store to be developed

Extension Fee: \$10,000

Territory: _____, as geographically
constituted as of the Effective Date.

Developer: _____

Address for Notices: _____

phone: _____

fax: _____

email: _____

Franchisor: Cowboy Chicken Franchising, LP
Address for Notices: 3450 Hebron Parkway
Carrollton, TX 75010
Attn: D. Sean Kennedy
Email: sean@cowboychicken.com

With a copy to: DLA Piper (US)
1900 North Pearl Street, Suite 2200
Dallas, TX 75201
Attn: Sarah A. Walters
Email: sarah.walters@dlapiper.com

TABLE OF CONTENTS

	<u>Page</u>
1. DEFINITIONS.....	1
2. GRANT OF DEVELOPMENT RIGHTS.....	7
(a) Development Rights.....	7
(b) Reserved Rights.....	7
3. INITIAL AND SUCCESSOR TERMS.....	8
(a) Initial Term	8
(b) Successor Term.....	8
4. DEVELOPMENT SCHEDULE.....	9
(a) Development Schedule	9
(b) Investment.....	9
(c) Exercise of Development Rights	9
(d) Store Casualty	9
(e) Failure to Comply With Development Schedule	9
(f) Option to Extend Development Period.....	10
5. SITE SELECTION AND FRANCHISE AGREEMENTS.....	10
(a) Franchisor's Consent to Developer's Premises.....	10
(b) Site Acceptance.....	10
(c) Development Conditions	11
(d) Franchise and Related Agreements.....	12
(e) Development by Developer or its Affiliates.....	12
6. AREA DEVELOPMENT FEE.....	12
(a) Development Fee	12
(b) Taxes.....	12
7. REPRESENTATIONS, WARRANTIES AND COVENANTS	13
(a) Business Entity Developer.....	13
(b) Compliance With Applicable Law.....	13
(c) Anti-Corruption, Anti-Boycott and Anti-Terrorism Laws.....	13
(d) Insider Trading.....	14
(e) Ideas and Concepts	14
(f) Gratuities; Gifts; Conduct and Employment Matters	14
(g) Designated Principal	15
(h) Management and Personnel.....	15

TABLE OF CONTENTS

(continued)

	Page
8. RESTRICTIVE COVENANTS.....	16
(a) Non-Compete.....	16
(b) Non-Disclosure of Confidential Information.....	16
(c) Ownership.....	17
(d) Interference with Employees.....	17
(e) Severability and Enforceability of Covenants.....	18
9. INDEPENDENT CONTRACTORS.....	18
(a) Independent Contractors.....	18
(b) No Liability for Acts of Other Party.....	18
10. INDEMNIFICATION.....	19
11. TRANSFERABILITY OF INTEREST.....	19
(a) Transfer by Franchisor.....	19
(b) Transfer by Developer.....	20
(c) Conditions for Approval of Transfer.....	20
(d) Effect of Franchisor's Consent.....	21
(e) Transfer Upon Death or Permanent Disability.....	21
(f) Franchisor's Right of First Refusal.....	21
(g) Securities.....	22
12. DEFAULT AND TERMINATION.....	23
(a) Termination for Events of Default.....	23
(b) Termination for Repeated Default.....	24
(c) Termination for Insolvency.....	24
(d) Termination for Violation of Applicable Law.....	24
13. EFFECT OF TERMINATION, EXPIRATION OR NONRENEWAL.....	24
(a) Payment of Amounts Owed.....	24
(b) Marks.....	25
(c) System and Manuals.....	25
(d) Restrictive Covenants and Continuing Obligations.....	25
(e) Purchase Option.....	25
14. FORCE MAJEURE AND CRISIS MANAGEMENT EVENTS.....	26
(a) Force Majeure.....	26
(b) Crisis Management Events.....	26

TABLE OF CONTENTS
(continued)

	Page
15. GOVERNING LAW; DISPUTE RESOLUTION.....	26
(a) Non-Binding Mediation.....	26
(b) Governing Law.....	27
(c) Arbitration.....	27
(d) Consent to Jurisdiction and Venue.....	29
(e) Limitations of Claims.....	30
(f) Limitation on Damages.....	30
(g) Rights of Parties Are Cumulative.....	30
(h) Costs and Legal Fees.....	30
(i) WAIVER OF JURY TRIAL.....	30
(j) Material Inducement for Franchisor.....	30
16. NOTICES.....	31
17. MISCELLANEOUS.....	31
(a) Severability.....	31
(b) Substitution of Valid Provisions.....	31
(c) Effect of Delay, Waiver, Omission or Forbearance.....	31
(d) Binding Effect.....	32
(e) Disclaimer of Warranties.....	32
(f) Receipt of Disclosure.....	32
(g) Entire Agreement.....	32
(h) Construction.....	32
(i) Headings.....	32
(j) Multiple Copies.....	33
(k) Conflicting Provisions.....	33
18. PUBLIC ANNOUNCEMENTS.....	33

EXHIBITS:

A	Development Schedule and Franchisor's Approval of Developer's Existing Brands
B	Organizational and Ownership Information
C	Guaranty and Undertaking of Obligations
D	Form of Franchise Agreement
E	Confidentiality and Non-Compete Agreement
F	Purchase Option Terms and Conditions
G	State Addenda

AREA DEVELOPMENT AGREEMENT

WHEREAS, Franchisor has expended significant effort, money and time to develop the System, all of which may be periodically changed or modified, at Franchisor's sole option, for establishing and operating Cowboy Chicken stores that offer the Products and utilize the System and Marks.

WHEREAS, Franchisor developed and will continue to develop valuable goodwill in the Marks and may periodically develop or acquire other trademarks and service marks for use under the System, all of which may be changed or modified at Franchisor's sole option.

WHEREAS, Developer desires to obtain the right to identify and propose locations for Stores within the Territory and to develop and operate Stores at the Premises pursuant to one or more Franchise Agreements.

NOW, THEREFORE, in consideration of Franchisor's granting to Developer the right to develop Stores in the Territory subject to and in accordance with the terms hereof, the mutual obligations provided for in this Agreement and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. DEFINITIONS.

Certain initially capitalized terms used frequently in this Agreement are defined in this Section 1. Other terms are defined elsewhere in this Agreement in the context in which they arise.

(a) "ADA" means the Americans with Disabilities Act.

(b) "Affiliate" means with respect to a named Person, any Person that is controlled by, controlling or under common control with the named Person.

(c) "Agreement" means this Cowboy Chicken Area Development Agreement between Franchisor and Developer.

(d) "Applicable Law" means any federal, state, and local laws, ordinances, and codes, together with all rules, regulations, policies, and guidelines related thereto, applicable to the subject matter of this Agreement, including the development, construction and/or operation of the Store pursuant to the terms hereof, including, without limitation, all laws and regulations related to health and food safety (e.g. Food Safety Modernization Act); menu labeling, sale and service of liquor, beer and wine; labor, consumer privacy and data security and those governing public accommodations for persons with disabilities.

(e) "Brand" means the Cowboy Chicken brand.

(f) "Brand Property" means any interior and exterior signage, décor and art using the Marks and any furniture, equipment, smallwares, or materials designated by Franchisor as "Brand Property", including without limitation the rotisserie ovens used in the operation of Cowboy Chicken stores.

(g) "Competitive Business" means any fast casual and casual dining restaurant that, as determined by Franchisor, is the same as or substantially similar to the Stores, including, without limitation, any food service establishment or chain of food service establishments that offers rotisserie

chicken as a primary menu item, accounting for 25% or more of its entree menu. A Competitive Business does not include: (i) other businesses that are licensed by Franchisor or any of its Affiliates; or (ii) Developer's Existing Brands.

(h) **"Conditions"** means collectively, the "Operational," "Financial," "Legal" and "Ownership" conditions to execution by Developer and Franchisor of a Franchise Agreement.

(i) **"Confidential Information"** means any and all information, knowledge, know-how, trade secrets, trade dress, methodologies, techniques, procedures, applications and materials, in whatever form, used in or related to the System which Franchisor provides to Developer, or which Developer or its Affiliates or employees develop or have access to, in connection with this Agreement or the operation of a Store hereunder, including, without limitation, the Standards; the Manuals; any ingredients, formulae and recipes applicable to menu items; Franchisor's or its Affiliate's product sourcing, pricing, manufacturing, inventory management and control, supply and distribution; technology, point of sale and related computer software; advertising, marketing and promotional programs including gift card, loyalty and customer reward programs; customer data; financial data and statements; training and operational methodology, content (including without limitation inventory and financial controls) and management programs; and any other information or data regarding the business of Franchisor or any of its Affiliates that would reasonably be considered the proprietary or confidential information of Franchisor or its Affiliates.

(j) **"Consequential Damages"** means damages and injury that result from a Party's negligent performance of or other

breach of this Agreement for (a) lost profits; or (b) compensation for damages to reputation and goodwill including costs of or resulting from delays, financing, marketing materials and media time and space, and costs of changing, substituting or replacing the same.

(k) **"Control"** or **"Controlling Interest"** means the power, directly or indirectly, to direct or cause the direction of the management and policies of an Entity, whether by contract or otherwise.

(l) **"Crisis Management Event"** means an event that Franchisor determines may materially affect the Marks and goodwill associated therewith.

(m) **"Cybersecurity Incident"** means any event or occurrence that results in unauthorized access to or adversely affects the availability or integrity of Confidential Information, which event or occurrence could not have been prevented by reasonable administrative, physical or technical security measures.

(n) **"Designated Principal"** means a Principal of Developer who supervises and oversees the operation of the business contemplated by this Agreement. The first Designated Principal is identified on the Summary Page.

(o) **"Developer"** means the Entity so described on the Summary Page.

(p) **"Development Fee"** means an initial fee in the amount set forth on the Summary Page owed to Franchisor upon Developer's execution of this Agreement.

(q) **"Development Period"** means as applicable, the 12-month period ending on the calendar day immediately preceding the first anniversary of the Effective Date and

each subsequent 12-month period thereafter during the Initial Term and Successor Term, if applicable.

(r) **"Development Schedule"** means the schedule set forth in Exhibit A.

(s) **"Effective Date"** means the effective date of this Agreement as set forth on the Summary Page.

(t) **"Entity"** means a business entity, including a corporation, limited liability company, general or limited partnership, limited liability partnership or any other type of legal entity.

(u) **"Equity Interest"** means any direct or indirect stock, unit, membership, partnership or other legal, equitable or beneficial ownership interest, or other voting rights, in an Entity, but does not include direct or indirect ownership solely as an investment of securities of any Entity traded on any securities exchange if the owner is not a Controlling Person (or a member of an Entity that Controls such Entity) and does not, directly or indirectly, own 5% or more of any class of securities of such Entity.

(v) **"Event of Default"** means any breach by Developer of, or any failure by Developer to comply with, any condition or obligation of this Agreement as described in Section 12.

(w) **"Existing Brands"** means the stores operated under a system and marks other than the System and Marks by Developer as of the Effective Date.

(x) **"Extension Fee"** means a fee in the amount set forth on the Summary Page and payable by Developer to Franchisor in connection with the extension of a Development Period.

(y) **"Force Majeure Event"** means Acts of God (such as tornadoes, earthquakes, hurricanes, floods, fire or other natural catastrophe), strikes, lockouts or other industrial disturbances; war (declared or undeclared), riot, terrorist acts, Cybersecurity Incident, or other civil disturbances; epidemics; or other forces, that materially and adversely affect the ability of a Party hereto to perform provided that with respect to any or all events they are not within the reasonable control of the Party affected thereby. Financial inability of a Party hereto will not constitute a Force Majeure Event.

(z) **"Franchise"** means the right to operate a Store pursuant to this Agreement.

(aa) **"Franchise Agreement"** means Franchisor's then-current form of franchise agreement that governs the operation of a Store. Franchisor's current form of Franchise Agreement is attached to this Agreement as Exhibit D.

(bb) **"Franchisee"** means Developer or an Affiliate of Developer approved by Franchisor to operate a Store pursuant to an executed Franchise Agreement between Franchisor and Developer.

(cc) **"Franchisor"** means the Entity so described on the Summary Page.

(dd) **"Franchisor Indemnitees"** means Franchisor, its Affiliates and their respective principals, employees, agents, successors and assignees.

(ee) **"Ideas and Concepts"** means recipes, processes, ideas, concepts, methods, techniques, materials or customer information relating to the System and the Store(s) that Developer or its Affiliate creates or develops from time to time in

connection with the development or operation of the Store(s).

(ff) **"Indemnified Matter"** means any action, suit, proceeding, claim, demand, investigation, or formal or informal inquiry (regardless of whether it is reduced to a judgment) or any settlement thereof, as described in Section 10.

(gg) **"Initial Franchise Fee"** means the initial fee Developer must pay to Franchisor as set forth in Section 5(d) in the amount set forth on the Summary Page upon Developer's execution of a Cowboy Chicken Franchise Agreement in connection with each Store developed hereunder.

(hh) **"Initial Term"** means the initial term of this Agreement as set forth in Section 3(a).

(ii) **"Intellectual Property"** means all intellectual property or other proprietary rights throughout the world, whether existing under contract, statutes, convention, civil law, common law or any law whatsoever, now or hereafter in force or recognized, including (1) patents and rights to inventions; (2) trademarks, service marks, logos, trade dress and design rights; (3) works of authorship, including, without limitation, copyrights, source codes, moral rights, and neighboring rights; (4) trade secrets; (5) Ideas and Concepts; (6) publicity and privacy rights; (7) any rights analogous to those set forth herein and any other intellectual property and proprietary rights; (8) any application or right to apply for any of the rights referred to in subsections (1) through (7) above; and (9) any and all renewals, divisions, continuations, continuations-in-part, re-issuances, re-examinations, extensions and restorations of any of the foregoing (as applicable).

(jj) **"Internet"** means all modes of communications between computers and between computers and television, telephone, facsimile and similar communications devices, including the World Wide Web, proprietary online services, e-mail, news groups, social media, mobile applications, electronic bulletin boards and related communications.

(kk) **"Lease"** means the document executed by Developer or its Affiliate with an owner or lessor of real property in connection with the granting of the right to occupy the Premises and operate a Store from the Premises, including the Lease Addendum (as defined in the Franchise Agreement). Lease includes any sublease or renewal of any lease or sublease.

(ll) **"Losses and Expenses"** means without limitation, all losses, compensatory, exemplary or punitive damages, arbitration costs, mediation costs, settlement amounts, judgments, court costs, fines, charges, costs, and expenses, including without limitation reasonable legal fees and Consequential Damages.

(mm) **"Manuals"** means Franchisor's operations and training manuals, and any other written directives related to the System, in whatever form and provided in whatever manner, as the same may be periodically amended and revised by Franchisor at its sole option, including the Standards, all bulletins, supplements and ancillary and additional manuals and directives established by Franchisor from time to time.

(nn) **"Marks"** means the Cowboy Chicken trademarks and service marks and such other registered and unregistered trademarks, trade names, service marks, logos, slogans, emblems and other indicia of origin as are now designated, and may

hereafter be designated, by Franchisor in writing for use in connection with the System.

(oo) **"Notice"** means any notice, demand, request, consent, approval, and other communication in writing required or permitted to be given or which are to be given with respect to the Agreement.

(pp) **"Offering Fee"** means a payment in the amount of \$10,000 that will be owed to Franchisor in connection with any offerings of debt or any Equity Interest of Developer or any Affiliate or any of the Principals thereof as set forth in Section 11(f).

(qq) **"Opening Deadline"** means the date by which a Store must be open for business to the public as set forth in the applicable Franchise Agreement.

(rr) **"Party"** or **"Parties"** means either Franchisor or Developer individually or collectively.

(ss) **"Permanently Disabled"** means being subject to any physical, emotional or mental injury, illness or incapacity that prevents Developer or any Principal holding a Controlling Interest in Developer from performing his or her obligations under this Agreement or any other agreement related hereto for at least 90 consecutive days, and from which recovery is unlikely within 90 days from the date such individual is determined to be Permanently Disabled. If the Parties hereto disagree as to whether a Person is "Permanently Disabled" the determination will be made by a licensed practicing physician, selected by Franchisor, upon examination of the Person, or, if the Person refuses to submit to an examination, then for purposes of Section 11(e), the Person will automatically be considered

Permanently Disabled as of the date of refusal.

(tt) **"Person"** means any natural person or Entity.

(uu) **"Personnel"** means all Persons employed by Developer or any of its Affiliates in connection with the development and operation of the Stores.

(vv) **"Premises"** means the site approved by Franchisor for Franchisee's Store as set forth in the applicable Franchise Agreement.

(ww) **"Principal"** means collectively or individually, the Persons holding a direct or indirect Equity Interest in Developer or in any Affiliate of Developer as designated by Franchisor and Developer's officers and directors. Any reference to "Principal" in this Agreement includes the Designated Principal.

(xx) **"Products"** means all food (including ingredients) and beverages, used or made available for consumption at or from the Stores, as specified from time to time by Franchisor in the Manuals, or otherwise in writing. Products include the Proprietary Products.

(yy) **"Proprietary Products"** means all proprietary Spice Blends, Sauces, food, beverages, clothing and memorabilia used or made available for consumption at or from the Stores bearing any of the Marks or designated as proprietary by Franchisor or any Affiliate.

(zz) **"Reserved Area"** means locations that provide services other than those offered by the Store including airports, universities, military bases, office buildings, stadiums and other mass gathering locations or events.

(aaa) **"Store"** means a Cowboy Chicken store operating under the Marks and System pursuant to a Cowboy Chicken Franchise Agreement between Franchisor and a Franchisee.

(bbb) **"Site Application"** means the documents and information that Developer must submit to Franchisor prior to Franchisor's evaluation of a proposed site, including without limitation, demographic data, photographs, maps, artists' renderings, site plans, and/or a copy of the Lease and documentation indicating Developer's prospects for acquiring possessory interest in the Premises

(ccc) **"Standards"** means the standards, requirements, specifications, techniques, methods, policies and procedures of the System and Brand for the development and operation of the Stores, as specified from time to time by Franchisor in the Manuals, or otherwise in writing.

(ddd) **"Successor Fee"** means the successor fee Developer must pay to Franchisor as set forth in Section 3(b) in the amount equal to Franchisor's then-current Development Fee multiplied by the number of Cowboy Chicken stores to be developed by Developer during the Successor Term.

(eee) **"Successor Term"** means the 10-year period commencing after the expiration of the Initial Term as set forth in Section 3(b).

(fff) **"Summary Page"** means the Summary Page of this Agreement that directly precedes the Table of Contents of this Agreement.

(ggg) **"System"** means the business system for establishing and operating the Stores, the distinguishing characteristics of which include, without limitation, distinctive

exterior and interior design, decor, color scheme, furnishings and equipment; special ingredients, recipes and menu items; the Standards; quality and uniformity of products and services offered; procedures for product sourcing, inventory management, logistics, pricing; training and assistance; and marketing, advertising and promotional programs; all of which may be changed, improved and further developed by Franchisor from time to time.

(hhh) **"Term"** means the term of this Agreement, including the Initial Term and any Successor Term.

(iii) **"Territory"** means the geographic area described on the Summary Page.

(jjj) **"Trade Dress"** means the unique, distinctive, and non-functional overall appearance and image of the Store in the marketplace and includes the Standards.

(kkk) **"Transfer"** means and includes any voluntary, involuntary, direct or indirect assignment, transfer, sale, conveyance, disposition, gift, encumbrance, pledge, hypothecation, or mortgage by Developer or any of its Principals of all or any part of its rights, interests or obligations in this Agreement, Developer, the Store (including the Premises), the Operating Assets or any Equity Interest, directly or indirectly, in Developer to any Person or any other transaction that would, alone or together with other previous, simultaneous or proposed Transfer, have the effect of transferring Control, this Agreement, or substantially all of the assets of the business operated pursuant to this Agreement. Any transfer of Equity Interest in Developer or the ownership, possession, or Control of the Store may be made only in conjunction with a Transfer of this Agreement.

(III) "**Transfer Fee**" means the transfer fee in the amount of \$10,000 that Developer or the transferee must pay to Franchisor as set forth in Section 11(c)(6).

2. GRANT OF DEVELOPMENT RIGHTS.

(a) **Development Rights.** Franchisor grants to Developer and Developer accepts from Franchisor, the right to develop a pre-determined number of Stores in the Territory during the Initial Term. This Agreement does not grant Developer the right to use the Marks, the System or operate a Store. Each Store must be operated under a separate Franchise Agreement. Developer has no rights under this Agreement to develop any Stores outside of the Territory or to develop restaurants under other brands that may come to be owned, operated or franchised by Franchisor or its Affiliates and that do not utilize the System. Subject to the rights reserved to Franchisor in Section 2(b) and provided Developer and its Affiliates remain in full compliance with this Agreement and all other agreements with Franchisor or any of its Affiliates during the Term, Franchisor will not:

(1) operate, directly or indirectly, nor grant to Persons the right to operate, a Store located within the Territory;

(2) offer or sell, directly or indirectly, nor grant to Persons the right to offer or sell those food items which comprise the Products under the Marks that are cooked-to-order for on-premises consumption within the Territory;

(3) operate, directly or indirectly, nor grant to Persons the right to operate, a Competitive Business located within the Territory; provided that, Franchisor and its Affiliates will have the right to: a) establish

and operate, and grant Persons the right to establish and operate, Competitive Businesses located within the Territory under marks and business methods the rights to which are acquired by Franchisor or its Affiliates pursuant to, as the result of, or in connection with a merger with or acquisition by any Entity or acquisition by Franchisor or its Affiliates of any Entity, including an asset transfer; and b) in such case, operate or grant to Persons the right to operate such Competitive Business as a Store.

The rights granted under this Section 2(a) are limited to the right to develop Stores and do not include (1) any right to subfranchise, sublicense, subcontract, share, divide or partition this Agreement or any rights hereunder; (2) sell Products identified by the Marks at any location or through any other channels or methods of distribution, including the Internet (or any other existing or future form of electronic commerce), other than at Stores within the Territory; (3) any right to sell Products identified by the Marks to any Person for resale or further distribution; or (4) any right to exclude, control or impose conditions on Franchisor's development or operation of franchised, Affiliate or company-operated Stores (whether under the Marks or different trade names or trademarks) at any time or at any location outside of the Territory.

(b) **Reserved Rights.** Franchisor retains all rights inside and outside the Territory except those that are expressly granted to Developer in this Agreement. Without limiting Franchisor's and its Affiliates' rights described in this Section 2(b), Franchisor and its Affiliates and any other authorized Person may, among other things:

(1) Advertise and promote the System within and outside the Territory;

(2) Operate, and license others to operate, Cowboy Chicken stores at any location outside the Territory, including locations that are adjacent to the Territory;

(3) Except for the restriction against the establishment of another Store in the Territory, offer and sell, and authorize others to offer and sell, approved collateral products and services, including those offered and sold at the Store (such as Spice Blends, Sauces, frozen or fresh Cowboy Chicken branded chicken products and other pre-packaged food products, clothing, merchandise and other items), under the Marks or other marks at or from any location or through any channel of distribution (including, but not limited to, grocery stores, club stores, convenience stores, wholesale, hospitals, health care facilities, airports, stadiums, business or industry locations (e.g. manufacturing site, office building), military installations, military commissaries, universities, schools, the Internet (or any other existing or future form of electronic commerce), other retail or store locations and other food service facilities such as kiosks, concessions, food trucks or multi-brand facilities providing a limited number or representative sample of the products and services normally offered by a Cowboy Chicken store);

(4) Establish and operate, and license others to establish and operate, any business other than a Cowboy Chicken store, including other stores or food-related businesses, under the Marks or under other marks;

(5) Establish and operate and license others to establish and operate any stores or other businesses that Franchisor or its Affiliates may operate as a result of any acquisition, consolidation or merger involving Franchisor or its Affiliates; and

(6) Establish and operate, and license others to operate, Cowboy Chicken stores and other food service facilities in any Reserved Area whether or not located within the Territory.

3. INITIAL AND SUCCESSOR TERMS.

(a) **Initial Term.** Unless sooner terminated in accordance with this Agreement, the Initial Term will commence on the Effective Date described on the Summary Page and will expire on the earlier of the expiration date set forth on the Summary Page or the date upon which Developer opens for operation the cumulative number of Stores in the Territory set forth in the Development Schedule.

(b) **Successor Term.** Developer will have the option to renew the Initial Term for one Successor Term if Developer and its Affiliates are in full compliance with this Agreement (including the Development Schedule) and all other agreements with Franchisor or any of its Affiliates (including Franchise Agreements signed pursuant to this Agreement) during the Initial Term and the Parties agree in writing upon a new Development Schedule. Developer will notify Franchisor that it is exercising its renewal right no later than six months before the scheduled expiration date of the Initial Term of this Agreement and will remain in good standing throughout the remainder of the Initial Term. Developer and Franchisor will enter into good faith discussions to establish a new Development Schedule before expiration of the Initial Term, with such new Development Schedule to be memorialized, at Franchisor's sole option, in the form of an amendment to this Agreement or by the Parties entering into a new development agreement on the terms of this Agreement with the adjustment to the Development Schedule. If the Parties fail to

reach an agreement on the new Development Schedule, this Agreement will expire as set forth in Section 3(a). Developer will pay to Franchisor the Successor Fee concurrently with the execution by Developer of a new development agreement or an amendment to this Agreement and Developer and its Principals will execute a release of Franchisor and its Affiliates in the form prescribed by Franchisor, provided that such release will exclude any claims that cannot be released under Applicable Law.

4. DEVELOPMENT SCHEDULE.

(a) **Development Schedule.** Developer will exert its best efforts and take all steps necessary and consistent with this Agreement to fully develop Stores in the Territory. Without limiting the foregoing, Developer must have open and operating in the Territory, pursuant to Franchise Agreements, the cumulative number of Stores by the corresponding dates as set forth in the Development Schedule. Developer must execute Franchisor's then-current form of Franchise Agreement for each Store on or before the applicable date set forth in the Development Schedule and open each such Store by the Opening Deadline set forth in the applicable Franchise Agreement, provided that such Opening Deadline will not modify the cumulative number of Stores that Developer must have open and operating as of the expiration of each Development Period.

(b) **Investment.** Developer acknowledges that: (1) the estimated expenses and initial investment requirements for any Store are subject to increase over time and future Stores likely will involve greater initial investment and operating capital requirements; and (2) it is required to open all of the Stores on the dates set forth in the Development Schedule regardless of

the requirement of a greater investment, the financial condition or performance of Developer's then-existing Stores or any other circumstances, financial or otherwise.

(c) **Exercise of Development Rights.** Developer may not develop a Store unless: (1) at least 45 days prior to the date set forth in the Development Schedule for the execution of each Franchise Agreement, Developer requests that Franchisor send its then-current franchise disclosure document and Franchise Agreement, confirms its intent to develop the applicable Store and sends to Franchisor all information necessary to complete the Franchise Agreement for the applicable Store; and (2) all of the conditions set forth in Section 5(c) have been met.

(d) **Store Casualty.** If an operating Store is closed due to a Force Majeure Event, then such Store will be deemed open and in operation as of the end of such Development Period, but not thereafter.

(e) **Failure to Comply With Development Schedule.** Developer's complete, timely, and strict compliance with the Development Schedule is the essence of this Agreement and without such compliance, Franchisor would not be willing to enter into this Agreement (or any Franchise Agreement) with Developer. Developer's failure to fulfill its obligations with respect to any Development Period of the Development Schedule (including without limitation timely executing a Franchise Agreement for each Store and opening the Store by the Opening Deadline prescribed in such Franchise Agreement) will constitute an Event of Default under this Agreement. If Developer fails to either execute a Franchise Agreement, open a Store by the Opening Deadline set forth in the applicable Franchise Agreement or have operating at least the minimum number of

Stores according to the applicable Development Period and Franchise Agreements, or if Developer ceases operation of any Store prior to the expiration of the term of the applicable Franchise Agreement and does not re-open such Store within the time period required by the Franchise Agreement (except in the event of closure due to a Force Majeure Event as provided in Section 14), Franchisor has the right but not the obligation to terminate this Agreement. Franchisor may, at its option, but not in lieu of termination or any other remedies available to Franchisor in this Agreement, the Franchise Agreement or at law, effective upon Notice to Developer: (1) terminate or modify Developer's exclusivity in the Territory; (2) modify the Territory; and/or (3) limit the number of remaining Stores that may be developed by Developer in the Territory.

(f) **Option to Extend Development Period.** If Developer is unable to satisfy the minimum number of operating Stores required during any Development Period, then Developer may, upon 90 days' Notice to Franchisor and payment of the Extension Fee, extend the deadline by which it must comply with the Development Schedule for the applicable Development Period by 180 days. However, in no event will any such extension extend the duration of the Development Schedule or otherwise affect the requirements that Developer must satisfy during any other Development Period. A Development Period may be extended only once and Developer may purchase no more than one extension during the Term.

5. SITE SELECTION AND FRANCHISE AGREEMENTS.

(a) **Franchisor's Consent to Developer's Premises.** Developer is required to obtain Franchisor's prior written consent to each of the Premises before

executing a lease for, or a binding agreement to purchase, any proposed Premises dedicated to a Store. Developer assumes all cost, liability, expense and responsibility for locating, obtaining and developing the Premises for each Store within the Territory and for finish-out or renovation and equipping the Store at the Premises in accordance with the applicable Franchise Agreement. Developer will submit to Franchisor within 30 days after the commencement of each Development Period its complete Site Application for a proposed site for each Store to be developed during the applicable Development Period. Franchisor will provide Developer with site selection assistance as Franchisor deems advisable, including without limitation Franchisor's site selection guidelines and design specifications and conducting an onsite evaluation of the proposed site; provided, Franchisor will not conduct an on-site evaluation for any proposed site prior to the receipt of the complete Site Application. Developer acknowledges and agrees that Franchisor providing its site selection guidelines and design specifications and any other site selection assistance to Developer prior to the proposed site being accepted by Franchisor will not create any reliance or expectation damages or liability for Franchisor and such activities will not create any expectations or representations to Developer that any proposed site will be accepted by Franchisor.

(b) **Site Acceptance.** Franchisor will have 30 days after receipt of the complete Site Application to accept or not accept, at its sole option, each site proposed by Developer. If Franchisor does not respond within the 30-day time period, Franchisor will be deemed to have rejected the proposed site. Upon Franchisor's written acceptance of a proposed site, the Developer (or its Affiliate, as Franchisee) will execute within ten days of such written

acceptance a Franchise Agreement and any exhibit thereto designating the Premises as the location of the Store. No site may be used for the location of the Store unless it is first accepted by Franchisor. Franchisor may revoke its acceptance of a proposed site if Developer commits a default of this Agreement or any other agreement with Franchisor or its Affiliates and fails to cure such default within the applicable cure period, if any. Franchisor's approval of the Premises and its rendering of site selection assistance, if any, in the selection of the Premises does not constitute a representation, promise, warranty, or guarantee by Franchisor, express or implied, that the Store operated at the Premises will be profitable or otherwise successful. Franchisor assumes no liability or responsibility for: (1) evaluation of a proposed site's soil for hazardous substances; (2) inspection of any structure on the proposed site for asbestos or other toxic or hazardous materials; or (3) compliance with ADA and any other Applicable Law. Developer is solely responsible for obtaining satisfactory evidence and/or assurances that the proposed site and any structures thereon are free from environmental contamination and in complete compliance with all Applicable Law.

(c) **Development Conditions.** In conjunction with Franchisor's decision to execute each Franchise Agreement, Franchisor may require that Developer and its Principals furnish to Franchisor financial statements (historical and pro forma), statements of the sources and uses of capital funds, budgets and other information about Developer, its Principals and each of Developer's Affiliates that is, or may be, involved in the development, ownership or operation of any Store. All such information must be verified in writing by Developer and its Principals as being true, complete

and accurate in all respects. Such information must be submitted to Franchisor promptly upon Franchisor's request and will be relied upon by Franchisor, among other factors, in determining whether to execute this Agreement. Each of the following conditions and approvals must have occurred or be obtained before Developer will have the right to execute each Franchise Agreement. Developer must meet all "Operational," "Financial," "Legal" and "Ownership" conditions, as set forth below, before such rights will become effective:

(1) **Operational Conditions:**

Developer, its Affiliates and Principals must be in full compliance with all provisions of this Agreement and any other agreements (including any Franchise Agreements) between Developer and its Affiliates and Franchisor and its Affiliates. Developer must have opened each Store in a timely manner as required under the Development Schedule. Developer must have at all times operated, and continue to operate, each of Developer's existing Stores in accordance with the Standards. Developer further must demonstrate it is capable of operating each proposed Store required under the Development Schedule in accordance with the Standards.

(2) **Financial Conditions:**

Developer and its Principals must satisfy Franchisor's then-current financial criteria for developers of Stores as set forth in the Manual. Developer must not be in default, and have not been in default during the 12 months preceding Developer's request for financial approval, of any monetary obligations owed to Franchisor or Franchisor's Affiliates under any Franchise Agreement or other agreement between Developer or any of its Affiliates and Franchisor or any of its Affiliates. Developer acknowledges and agrees that it is vital to Franchisor's interest that each of

Franchisor's developers is financially sound to avoid failure of one or more Stores and that such failure would adversely affect Franchisor's reputation, the goodwill associated with the Marks and the System.

(3) Legal Conditions: Developer must have prepared or obtained, and submitted to Franchisor upon Franchisor's request, in a timely manner, all information and documents requested by Franchisor in connection with this Agreement or any other agreements to be executed between Developer or any of its Affiliates and Franchisor or any of its Affiliates, and Developer have taken such additional actions in connection therewith as may be requested by Franchisor from time to time.

(4) Ownership Conditions: Neither Developer nor any of its Principals will have transferred or attempted to transfer a Controlling Interest in Developer without Franchisor's prior written consent.

(d) Franchise and Related Agreements. Each Franchise to be granted pursuant to this Agreement will be governed by Franchisor's then-current form of Franchise Agreement (including all attachments and related agreements and documents), which Developer (or its Affiliate, as Franchisee) agrees to execute and pay upon execution the Initial Franchise Fee due thereunder, less the portion of the Development Fee to be applied in satisfaction of such Initial Franchise Fee. Upon Franchisor's approval of Developer's proposed site for each Store in accordance with Sections 5(a) and 5(b), Developer must execute the Franchise Agreement for each Store, provided that each such Franchise Agreement must be executed by the deadline set forth in the Development Schedule. Concurrently with Developer's execution and delivery to Franchisor of each Franchise Agreement, Developer and its Principals and

Affiliates must, except to the extent prohibited by Applicable Law, execute and deliver to Franchisor a general release in form and substance satisfactory to Franchisor, of any and all claims against Franchisor, its Affiliates and its owners, officers, directors, employees, agents, successors and assigns accruing prior to the effective date of the Franchise Agreement.

(e) Development by Developer or its Affiliates. Developer may develop the Stores through one or more of its Affiliates provided such Affiliate is pre-approved in writing by Franchisor. In such case, (1) the Affiliate will execute the Franchise Agreement and its Principals will execute a Guaranty and Undertaking of Obligations, and (2) Developer will guaranty the payment and performance of such Affiliate in the form prescribed by Franchisor.

6. AREA DEVELOPMENT FEE.

(a) Development Fee. On the Effective Date, Developer will pay to Franchisor the Development Fee described on the Summary Page. The Development Fee is fully earned when paid to compensate Franchisor for expenses incurred during the negotiation and implementation of this Agreement as well as development opportunities lost or deferred as a result of the rights granted to Developer under this Agreement, and is not refundable or recoupable under any circumstances.

(b) Taxes. Any and all amounts expressed as being payable pursuant to this Agreement are exclusive of any applicable taxes. Accordingly, if applicable, all payments by Developer will, in addition, include an amount equal to any and all goods and services taxes, sales taxes or other taxes, assessments or amounts of a like nature imposed on any payments to be made pursuant to this Agreement. Developer

agrees to fully and promptly cooperate with Franchisor to provide any information or records it requests in connection with any application by Franchisor to any taxing authority with respect to Developer.

7. REPRESENTATIONS, WARRANTIES AND COVENANTS.

(a) Business Entity Developer.

(1) Developer warrants that it is duly organized or formed and validly existing in good standing under the laws of the jurisdiction of its incorporation or formation; it has the necessary consents, approvals, licenses and/or permits to carry out the business activities contemplated by this Agreement; it will furnish such other information about its organization or formation as Franchisor may reasonably request to confirm the same; and the execution and delivery of this Agreement has been duly authorized by it.

(2) If Developer is not publicly traded (i.e., less than 20% of its equity shares that are entitled to participate in the election of its Board of Directors are traded on a national exchange in the United States), it will disclose to Franchisor all Principals holding any Equity Interests in Developer and will disclose to Franchisor all beneficial owners, directors, officers, employees or agents of Developer who are government officials. Developer will provide Franchisor with such financial information as Franchisor may periodically request from Developer and each Principal, including copies of unaudited financial statements to be delivered to Franchisor on a quarterly basis, within 20 days after the end of each calendar quarter, and copies of audited financial statements, to be delivered to Franchisor on an annual basis, no later than 60 days after the end of each calendar year.

(3) If Developer is not publicly traded, each Principal will execute and deliver to Franchisor a Guaranty and Undertaking of Obligations in the form attached hereto as Exhibit C.

(b) **Compliance With Applicable Law.** Developer will be solely responsible for complying with all Applicable Laws in connection with the development and operation of Stores in the Territory, and will timely obtain any and all permits, certificates, or licenses necessary for the full and proper conduct of its business, including, without limitation, licenses to do business, sales tax permits, importation of materials, transmission of royalties and all other payments relevant to Developer's performance under this Agreement, environmental and safety and fire clearances. Developer will notify Franchisor in writing immediately upon the commencement of any legal action, suit, or proceeding, any administrative action or the issuance of any order, writ, injunction, award, or decree of any court, agency, or other governmental authority, which may adversely affect the operation or financial condition of Developer or which may have any materially adverse effect on Franchisor or its Affiliates, the goodwill associated with the Marks and the System or on Stores generally.

(c) **Anti-Corruption, Anti-Boycott and Anti-Terrorism Laws.** Developer and each Principal represents and warrants to Franchisor that: (1) neither Developer nor, to the best of its knowledge after reasonable inquiry, any Principal or any executive officer of Developer 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 (text available at www.treas.gov/offices/enforcement/ofac/);

(2) neither Developer nor any Principal is directly or indirectly owned or controlled by the government of any country that is subject to a United States embargo; (3) neither Developer nor any Principal acts or will act directly or indirectly on behalf of the government of any country that is subject to a United States embargo; and (4) neither Developer nor any of Principal or executive officers have violated, and Developer will not violate and will cause Developer's Principals and executive officers not to violate, any Applicable Law prohibiting 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.htm>), U.S. Executive Order 13224 (text available at <http://www.treas.gov/offices/enforcement/ofac/legal/EO/13224.pdf>), or any similar Applicable Law. The foregoing constitute continuing representations and warranties, and Developer will immediately notify Franchisor in writing of the occurrence of any event or the development of any circumstance that might render any of the foregoing representations and warranties of this Section 7(c) incorrect, false, inaccurate, or misleading or which constitutes a breach of any of the covenants of this Section 7(c).

(d) **Insider Trading.** Developer will advise any Persons who are informed as to the matters that are the subject of this Agreement, including, without limitation, any of the Confidential Information, that Applicable Law prohibits any Person who has received from an issuer, material, non-public information concerning matters like those that are the subject of this Agreement from purchasing or selling securities of that issuer on the basis of the information or from communicating the information to any other Person under circumstances in which it

is reasonably foreseeable that such Person is likely to purchase or sell securities on the basis of that information.

(e) **Ideas and Concepts.** From time to time in connection with the operation of the Store, Developer may create or develop Ideas and Concepts that Developer believes will improve the System or the Stores. Developer will promptly disclose such Ideas and Concepts to Franchisor and will not implement such Ideas and Concepts without the prior written approval of Franchisor. Franchisor may elect to use or adopt such Ideas and Concepts if Franchisor determines that such adoption or use will benefit the System. If Franchisor uses or adopts any of such Ideas and Concepts, they will be deemed to be part of the System without any compensation payable to Franchisee by Franchisor. All Ideas and Concepts, whether or not constituting protectable Intellectual Property, and whether created by or on behalf of Developer, any Principal or Personnel in connection with the Stores, will be deemed to be Franchisor's sole and exclusive Intellectual Property. Franchisee, on behalf of itself and its Principals and all Personnel, hereby assign all rights in any Ideas and Concepts to Franchisor or any of its Affiliates and will execute and deliver all such additional instruments and documents as Franchisor may request to evidence the assignment and Franchisor's or any of its Affiliate's ownership of such Ideas and Concepts.

(f) **Gratuities; Gifts; Conduct and Employment Matters.**

(1) Neither Developer nor any Principals will make or offer a gratuity or gift of any kind to any employee of Franchisor or any of its Affiliates or any family member of an employee that could be viewed as relating to an actual or potential business relationship with Franchisor or its

Affiliate. Gifts include entertainment, personal services, favors, discounts and other preferential treatment of any kind. Franchisor may interpret such action as an improper attempt to influence the employee of Franchisor or its Affiliate, as applicable. For the avoidance of doubt, gifts do not include samples of Products in reasonable quantities provided by Franchisor or Developer in furtherance of the terms and conditions of this Agreement or reasonable food and beverages at a meeting between Franchisor and Developer or other customary courtesies.

(2) Developer will comply with all of Franchisor's policies relating to ethical and professional conduct. Developer will provide wages and benefits that are in compliance with Applicable Law. Developer will maintain Personnel work hours in compliance with Applicable Law. Developer will not utilize forced, prison or child labor. No Person may be employed at an age younger than that permitted by Applicable Law; and regardless of such Applicable Law, all Personnel of Developer must be at least 17 years of age, and such age appropriately documented. For the purposes of this Section 7(e), Developer includes Developer's Affiliates and Principals and each of their Personnel, agents, representatives and Developer will ensure that its Affiliates and Principals comply with all of the terms hereof.

(g) **Designated Principal.** Developer will designate an individual to serve as the Designated Principal of the Developer. Developer's first Designated Principal is identified on the Summary Page. The Designated Principal will, at all times, meet the following qualifications:

(1) The Designated Principal will, during the entire period he or she serves as Designated Principal, have

authority to make decisions for Developer in connection with Developer's obligations under this Agreement and the relationship with Franchisor.

(2) The Designated Principal will devote his or her energy, best efforts and the time required to supervise and oversee the conduct of the business contemplated by this Agreement.

(3) The Designated Principal will be an individual who reads, speaks and comprehends English, is of good moral character and is acceptable to both Developer and Franchisor.

(4) The Designated Principal will execute the Confidentiality and Non-Compete Agreement attached to this Agreement as Exhibit E. Developer is responsible for Designated Principal's compliance with and will take all reasonable steps to enforce the terms of the Confidentiality and Non-Compete Agreement.

If, at any time or for any reason, the Designated Principal identified on the Summary Page no longer satisfies each of the above qualifications, Developer will promptly designate another Designated Principal who possesses the qualifications listed above.

(h) **Management and Personnel.** At all times throughout the Term, Developer will and will cause its Affiliates (as Franchisee) to hire, train and supervise Personnel sufficient to meet its obligations under this Agreement in accordance with the Standards or otherwise in writing by Franchisor. Developer will maintain a competent, conscientious, trained staff and take such steps as are necessary to ensure that its Personnel preserve good customer

relations and fully comply with Applicable Law.

8. RESTRICTIVE COVENANTS.

Developer recognizes that Franchisor has developed and owns the goodwill in the Brand and must protect the Marks, Confidential Information, and System. Developer and its Principals each acknowledges and agrees that the access to and use of Confidential Information authorized by this Agreement are among the consideration for the restrictive covenants set forth in Section 8(a) are necessary to prevent Franchisor from suffering irreparable harm. THE FOREGOING ACKNOWLEDGMENTS AND AGREEMENTS ARE A MATERIAL INDUCEMENT FOR FRANCHISOR TO ALLOW DEVELOPER AND ITS PRINCIPALS TO HAVE ACCESS TO AND USE CONFIDENTIAL INFORMATION.

(a) **Non-Compete.** Developer and each of its Principals covenant and agree that during the Term, and for a continuous uninterrupted period of two years following its expiration, termination, or an approved Transfer and with respect to a Principal, following the date the Principal ceases to be a Principal under this Agreement, Developer and each of its Principals, as applicable, will not, without Franchisor's prior written consent, either directly or indirectly, for itself or themselves, or through, on behalf of, or in conjunction with, any Person, firm, partnership, corporation, or other Entity:

(1) Divert or attempt to divert any actual or prospective business or customer of any of the Stores to any Competitive Business, by direct or indirect inducement or otherwise.

(2) Do or perform directly, or indirectly, any other act injurious to or prejudicial to the goodwill associated with the Marks and the System;

(3) Own, maintain, operate, be employed by, engage in, franchise, lease property to, advise, help, make loans to, or have any interest in, either directly or indirectly, any Competitive Business.

During the Term, these restrictions apply to any Competitive Business located within the United States (excluding Developer's Existing Brands). Following the expiration of the Term, termination of this Agreement, or an approved Transfer of this Agreement and with respect to a Principal, following the date the Principal ceases to be a Principal under this Agreement, this restriction will apply to any Competitive Business located (i) within the Territory; or (ii) at or within five miles of any Cowboy Chicken store then operating or under construction within or outside the United States, except as otherwise approved in writing by Franchisor.

If any part of these restrictions is found to be unreasonable in time or distance, each month of time or mile of distance may be deemed a separate unit so that the time or distance may be reduced by appropriate order of the court to that deemed reasonable. If, at any time during the two year period following the expiration, termination, or approved Transfer of this Agreement or the date any Principal ceases to be a Principal under this Agreement, Developer or its Principals fail to comply with its obligations under this Section 8(a), that period of non-compliance will not be credited toward satisfaction of the two-year period.

(b) **Non-Disclosure of Confidential Information.** Developer and each of its Principals each acknowledges that

Franchisor may provide Developer and its Principals with Confidential Information that derive value from not being generally known in the industry that are reasonably necessary for the development and operation of the Stores and that Developer has entered into this Agreement in order to use such Confidential Information to the economic benefit of Developer. Developer agrees that Confidential Information remains the sole property of Franchisor. Franchisor will take reasonable steps to mark as "confidential" or "proprietary" any Confidential Information that it deems as such but the failure to mark such Confidential Information will not cause it to be public information. Developer and each of its Principals will not use, duplicate, or disclose to others any Confidential Information except as expressly authorized by Franchisor in writing and will implement measures to maintain the confidentiality of such Confidential Information that is no less strict than the measures Developer uses with its own confidential information. To the extent that any Confidential Information is to be provided to Developer's advisors, representatives, agents or any Personnel, each of them must use such Confidential Information solely in connection with their respective roles with the Stores or Developer's business and execute a confidentiality and non-disclosure agreement in a form prescribed by Franchisor consistent with the foregoing.

(c) **Ownership.** All Confidential Information furnished or disclosed by Franchisor to Developer or any of its Principal or otherwise obtained by Developer or its Principals is and will remain the property of Franchisor. Any reproductions, notes, summaries or similar documents relating to the Confidential Information, and any files, memoranda, reports, price lists, proprietary information, and other documents relating to the System, will become and remain the Intellectual

Property of Franchisor immediately upon their creation and Franchisor will own all rights, title and interest in such Intellectual Property. Upon expiration or termination of this Agreement, Developer will immediately return all copies of such Confidential Information and Intellectual Property to Franchisor. Developer must promptly reveal to Franchisor any discoveries, inventions, innovations or improvements made by Developer, its Principal, Personnel or independent contractors relating to the System, or any Confidential Information. Further, all proprietary interests in any devices, information, know-how, materials, methods, processes and techniques utilizing those discoveries, inventions, innovations and improvements are Franchisor's Intellectual Property.

(d) **Interference with Employees.** Developer acknowledges that it is an independent business and responsible for the control and management of the day-to-day operations of the Store, its Personnel and the Personnel of its Affiliates (as Franchisee) in the development and operation of the Stores, including but not limited to the hiring and discharging of Developer's and its Affiliates' Personnel and setting and paying wages and benefits of Developer's and Developer's Affiliates' Personnel. Developer acknowledges that Franchisor has no power, responsibility or liability in any respect to the hiring, discharging, setting and paying of wages or related matters, as the sole power, responsibility and liability for such matters rest exclusively with Developer and its Affiliates. Developer further acknowledges that none of its Personnel will be deemed to be an employee of Franchisor or its Affiliates for any purpose whatsoever, and no act by Franchisor to protect the Brand including without limitation the System or Marks in any way shifts any employee or employment-related responsibility from Developer to Franchisor.

(c) **Severability and Enforceability of Covenants.** Each of the covenants contained in this Section 8 will be considered separate and independent from each other. If any covenant in this Agreement which restricts competitive activity is deemed unenforceable for any reason, but would be enforceable by reducing or substituting any part of it in accordance with Section 17(b), such covenant will be enforced to the fullest extent permissible under Applicable Law.

9. INDEPENDENT CONTRACTORS.

(a) **Independent Contractors.** It is understood and agreed by the Parties that this Agreement does not create a fiduciary relationship between them; that Franchisor and Developer are and will be independent contractors; and that nothing in this Agreement is intended to make either Party a general or special agent, joint venturer, partner or employee of the other for any purpose. Developer will conspicuously identify itself in all dealings as the owner of development rights granted under an Agreement with Franchisor and will place such notices of independent ownership on such forms, business cards, stationery and advertising and other materials as Franchisor may periodically require.

This Agreement (and the relationship of the parties which arises from this Agreement) grants Franchisor the right to make decisions, take actions and/or refrain from taking actions which are not inconsistent with Developer's explicit rights and obligations hereunder or under Applicable Law and that may affect favorably or adversely Developer's interest. Developer acknowledges and agrees that Franchisor may operate and change the System and Franchisor's business in any manner that is not expressly and specifically prohibited by this Agreement or Applicable

Law. Whenever Franchisor has reserved in this Agreement a right and/or discretion to take or withhold an action, or to grant or decline to grant Developer a right to take or withhold an action, except as otherwise expressly and specifically provided in this Agreement or prohibited by Applicable Law, Franchisor may make its decision or exercise its right and/or discretion on the basis of its judgment of what is in its best interests, including its judgment of what is in the best interests of Cowboy Chicken franchise network, at the time Franchisor's decision is made, without regard to: (1) whether other reasonable or even arguably preferable alternative decisions or actions could have been made by Franchisor; (2) whether Franchisor's decision or the action it takes promotes its financial or other individual interest; (3) whether its decision or the action it takes applies differently to Developer and one or more other franchisees; or (4) whether Franchisor's decision or the exercise of its rights is adverse to Developer's individual interest or the individual interests of any other particular franchisees. Franchisor will have no liability to Developer for any such decision or exercise of its rights. Without limiting the foregoing, Franchisor will have no obligation to ensure that the Stores are developed and operated in accordance with Applicable Law and will have no liability in the event Developer's development of the Stores violates Applicable Law.

(b) **No Liability for Acts of Other Party.** Developer must not employ any of the Marks in signing any contract or applying for any license or permit, or in a manner (other than the use contemplated hereby) that may result in Franchisor's liability for any of Developer's indebtedness or obligations. Except as expressly authorized in writing, neither Franchisor nor Developer will make any express or implied agreements, warranties, guarantees or

representations or incur any debt in the name or on behalf of the other or be obligated by or have any liability under any agreements or representations made by the other. Franchisor will not be obligated for any damages to any Person or property directly or indirectly arising out of the operation of Developer's business.

10. INDEMNIFICATION.

DEVELOPER, ON ITS BEHALF AND ON BEHALF OF ITS AFFILIATES AND PRINCIPALS, WILL INDEMNIFY, DEFEND AND HOLD HARMLESS THE FRANCHISOR INDEMNITEES AGAINST AND REIMBURSE ANY ONE OR MORE OF THE FRANCHISOR INDEMNITEES FOR ANY AND ALL LOSSES AND EXPENSES ARISING OUT OF OR FROM OR RELATED TO, ANY CLAIMS, DIRECTLY OR INDIRECTLY, ARISING OUT OF OR FROM OR RELATED TO: (A) THE DEVELOPMENT, OPERATION OR CLOSING OF THE STORE; (B) ANY BREACH BY DEVELOPER OR ANY PRINCIPAL OF THIS AGREEMENT, OR DEVELOPER'S, ANY OF ITS AFFILIATES' OR PRINCIPALS', OR DESIGNATED PRINCIPAL'S BREACH OF ANY OTHER AGREEMENT WITH FRANCHISOR OR ITS AFFILIATES; AND (C) THE MARKETING, PROMOTION OR ADVERTISEMENT OF THE STORES OR PRODUCTS OR THE SALE OF ANY PRODUCTS OFFERED BY THE STORES, INCLUDING UNFAIR OR FRAUDULENT ADVERTISING CLAIMS (WHETHER IN PRINT ADVERTISING OR ELECTRONIC MEDIA), AND PRODUCT LIABILITY CLAIMS. FRANCHISOR HAS THE RIGHT, AT ITS OPTION, TO DEFEND ANY SUCH CLAIM AGAINST IT AT DEVELOPER'S SOLE COST AND EXPENSE. IF DEVELOPER DEFENDS ANY CLAIM, IT MAY NOT ENTER

INTO ANY SETTLEMENT AGREEMENT OR OTHERWISE RESOLVE OR CONCLUDE THE MATTER WITHOUT FRANCHISOR'S PRIOR WRITTEN CONSENT. THIS INDEMNITY WILL CONTINUE IN FULL FORCE AND EFFECT SUBSEQUENT TO, AND NOTWITHSTANDING, THE EXPIRATION OR TERMINATION OF THIS AGREEMENT. UNDER NO CIRCUMSTANCES WILL FRANCHISOR OR ANY OTHER FRANCHISOR INDEMNITEES BE REQUIRED TO SEEK RECOVERY FROM ANY INSURER OR OTHER THIRD PARTY, OR OTHERWISE TO MITIGATE ITS OR DEVELOPER'S LOSSES AND EXPENSES, IN ORDER TO MAINTAIN AND RECOVER FULLY A CLAIM AGAINST DEVELOPER. ANY FAILURE TO PURSUE SUCH RECOVERY OR MITIGATE A LOSS WILL IN NO WAY REDUCE OR ALTER THE AMOUNTS RECOVERABLE BY FRANCHISOR OR ANOTHER FRANCHISOR INDEMNITEE FROM DEVELOPER.

11. TRANSFERABILITY OF INTEREST.

(a) **Transfer by Franchisor.** This Agreement is and any of Franchisor's rights, obligations and interests herein are fully assignable by Franchisor, in whole or in part, without the consent of Developer, and inures to the benefit of any assignee or other legal successor to the interests of Franchisor; if any such assignee expressly agrees to assume Franchisor's obligations under this Agreement, then upon such assumption Franchisor and its Affiliates will be fully released of any and all liabilities hereunder. Franchisor may also assign any or all of its rights, obligations and interests under this Agreement to an Affiliate; sell or encumber its assets, its Marks, or its System to any third party; merge, acquire other Entities, or

be acquired by another Entity; engage in a public offering of its securities; engage in a private placement of some or all of its securities; or undertake a refinancing, recapitalization, leveraged buy-out or other economic or financial restructuring; provided that the new owner of an Entity will assume all of Franchisor's obligations hereunder. Franchisor may take or perform any such actions without liability or obligation to Developer and Developer expressly waives any claims, demands or damages arising from or related to any or all of the above actions or variations thereof.

(b) **Transfer by Developer.** The rights and duties created by this Agreement are personal to Developer, and Franchisor has granted rights under this Agreement in reliance upon the business skill, financial capacity and personal character of Developer and its Principals. Accordingly, no Transfer is permitted or authorized without Franchisor's prior written approval, subject to the conditions below.

(c) **Conditions for Approval of Transfer.** If the proposed Transfer by Developer is of this Agreement, Control of Developer or substantially all of its assets, or is one of a series of Transfers (regardless of the time period over which such Transfers occur) which in the aggregate constitute the Transfer of this Agreement or Control of Developer, and if Franchisor has not exercised its right of first refusal under Section 11(f), Franchisor will approve a Transfer only if the conditions set forth in this Section 11(c), as may be amended by Franchisor from time to time, are met prior to or concurrently with the proposed effective date of the Transfer:

(1) Developer (and its Principals if Developer is not publicly traded) has paid the Development Fee and other amounts owed to Franchisor and its Affiliates

submitted all required documents, information statements and data and otherwise are in full compliance with this Agreement as of the date Developer requests for approval of the Transfer and as of the effective date of the Transfer.

(2) Developer and its Affiliates Transfer to transferee all Franchise Agreements and all existing Stores developed and operated by Developer and its Affiliates under this Agreement and the Franchise Agreements in accordance with the conditions for approval of Transfer set forth in such Franchise Agreements.

(3) The proposed transferee (and its direct and indirect owners): (i) have sufficient business experience, aptitude, assets and financial resources to develop and operate the Stores; (ii) are individuals of good character and otherwise meet Franchisor's then-applicable Standards for Store developers and operators; (iii) are not engaged and will not engage in the operation or ownership of a Competitive Business, and will engage only in the development and operation of the Stores; and (iv) will cooperate with reasonable due diligence requests made by Franchisor promptly thereafter and if additional time is reasonably needed, then prior to the proposed effective date of the Transfer.

(4) The transferee and each of its owners as specified by Franchisor will provide Franchisor with a business plan for the Stores acceptable to Franchisor.

(5) The transferee and each of its owners as specified by Franchisor will agree to be bound by all of the terms and conditions of Franchisor's then-current form of area development agreement and sign the ancillary agreements and documents Franchisor requires for Store franchisees and any principal.

(6) Developer or the transferee pays to Franchisor a Transfer Fee in connection with the Transfer.

(7) Developer (and its transferring Principals if Developer is not publicly traded) and Franchisor have executed a general release, in form satisfactory to Franchisor, releasing Franchisor Indemnitees from any and all claims arising out of the development and operation of the Stores, excluding claims related to the development of the Store by Developer or any Principal which have not been expressly assumed by the transferee and its owners and those claims which cannot be released under Applicable Law.

(8) Developer and each Principal must have complied with any other conditions that Franchisor reasonably requires from time to time as part of its transfer policies, provided that such conditions will not be more stringent than any conditions otherwise imposed on new developers signing the then-current area development agreement.

(d) **Effect of Franchisor's Consent.** Any Transfer without Franchisor's consent constitutes an Event of Default rendering such Transfer void and of no effect. Franchisor's consent to a Transfer does not constitute a representation as to the fairness of the terms of any contract between Developer and the transferee, a guarantee of the prospects of success of the Stores or transferee, or a waiver or release of any claims Franchisor may have at any time against Developer (or its Principals) or of its right to demand the transferee's exact compliance with any of the terms or conditions of this Agreement.

(e) **Transfer Upon Death or Permanent Disability.** If any Principal that holds a Controlling Interest in Developer

dies or becomes Permanently Disabled and Franchisor determines that such death or disability adversely affects the development of the Stores required by this Agreement, such Principal's executor, administrator, or other personal representative must Transfer such Principal's interest in this Agreement or his or her interest in Developer (including Transfer by bequest or inheritance) to a third party approved by Franchisor in accordance with Section 11(c) within a reasonable period of time, not to exceed six months from the date of death or Permanent Disability. A failure to Transfer the interest of any such Principal in this Agreement or the Controlling Interest in Developer within this period of time in accordance with the foregoing constitutes an Event of Default.

(f) **Franchisor's Right of First Refusal.** If Developer or any of Developer's Principals desire to make a Transfer, Developer or such Principal must obtain a bona fide, executed written offer and earnest money deposit in the amount of at least 5% of the offering price from a responsible and fully disclosed purchaser and must deliver immediately to Franchisor a true, accurate and complete copy of such offer. If the offeror proposes to buy any other property or rights from Developer or any Principals or Developer's Affiliates (other than rights under this Agreement and Franchise Agreements for Stores) as part of the bona fide offer, the proposal for such property or rights must be set forth in a separate, contemporaneous offer that is disclosed to Franchisor, and the price and terms of purchase offered to Developer or the Principals for the Transfer must reflect the bona fide price offered therefor and may not reflect any value for any other property or rights.

Franchisor has the option, exercisable by notice delivered to Developer or the Principals, as applicable, within 30

days from the date of delivery of a complete and accurate copy of such offer to Franchisor, to purchase such interest for the price and on the terms and conditions contained in such offer, provided that: (a) Franchisor may substitute cash for any form of payment proposed in such offer; (b) Franchisor's credit will be deemed equal to the credit of any proposed purchaser; and (c) Franchisor will have not less than 30 days from the option exercise date to consummate the transaction. Franchisor has the right to investigate and analyze the business, assets and liabilities and all other matters Franchisor deems necessary or desirable in order to make an informed investment decision with respect to the fairness of the terms of Franchisor's right of first refusal. Franchisor may conduct such investigation and analysis in any manner Franchisor deems reasonably appropriate and Developer and its Principals must cooperate fully with Franchisor in connection therewith.

If Franchisor exercises its option to purchase, Franchisor is entitled to purchase such interest subject to all representations and warranties, releases, non-competition covenants, closing documents and indemnities as Franchisor reasonably may require. If Franchisor does not exercise its option to purchase, Developer or its Principals may complete the sale to such offeror pursuant to and on the exact terms of such offer, subject to Franchisor's approval of the Transfer; provided that if the sale to such offeror is not completed within 30 days after delivery of such offer to Franchisor, or if there is a material change in the terms of the offer, Developer must promptly notify Franchisor and Franchisor will have an additional option to purchase (on the terms of the revised offer, if any, and otherwise as set forth herein) during the 30-calendar day period following Developer's notification of the expiration of the 30-calendar day period

or the material change to the terms of the offer.

(g) **Securities.** Developer will be permitted to engage in the public and/or private issuance of stock, notes, bonds and other securities during the Term, provided that such issuance of securities are in compliance with all Applicable Law in effect at the time of such issuance; prior to offering for sale such stock, notes, bonds or other securities, Developer secures Franchisor's written approval, which consent will not be unreasonably withheld; and Developer pays the Offering Fee to Franchisor. Developer further must secure Franchisor's consent to any and all press releases, news releases and any and all other publicity, the primary purpose of which is to confirm the description of the relationship between Franchisor and Developer is true, accurate and complete in Developer's offering. Only after Franchisor has provided its written approval may Developer proceed to file, publish, issue and release and make public any said data, material and information regarding the securities offering. Developer will not imply that Franchisor is participating in the underwriting, issuance or offering of such securities. Developer acknowledges and agrees that any review by Franchisor is solely for its own information and its approval does not constitute any kind of authorization, acceptance, agreement, endorsement, approval or ratification of the same, either expressly or implied. Developer may make no oral or written notice of any kind whatsoever indicating or implying that Franchisor and/or its Affiliates have any interest in the relationship whatsoever to the proposed securities offering other than acting as Franchisor. Developer will indemnify, defend and hold the Franchisor Indemnitees harmless from all Losses and Expenses arising from Developer's offering of information

published or communicated in actions taken in that regard.

12. DEFAULT AND TERMINATION.

The occurrence of any of the following will adversely and substantially affect the interests of Franchisor and will be deemed an Event of Default constituting just cause for exercising any of the remedies set forth herein.

(a) **Termination for Events of Default.** Franchisor may terminate this Agreement upon delivery to Developer of Notice as a result of the occurrence of any of the following Events of Default and Developer's failure to cure such Event of Default within the cure period described below, if any, and absent a cure period, immediately upon Franchisor's Notice to Developer:

(1) Developer fails to comply with the Development Schedule during any Development Period pursuant to Section 4 and Exhibit A of this Agreement and fails to cure such default within 30 days after Notice of such Event of Default is delivered to Developer.

(2) Developer fails to pay any fees or other amounts due hereunder to Franchisor within five days after Notice of nonpayment is delivered to Developer.

(3) Developer (or any of its Principals or Affiliates) has made any material misrepresentation or omission in connection with this Agreement that negatively impacts Franchisor.

(4) Developer or any of its Principals or Affiliates is or has been held liable or convicted by a court of law, pleads or has pleaded no contest to, a felony, indictable offense or other unlawful act,

engages in any dishonest or unethical conduct or otherwise engages in any act or conduct which may materially and adversely affect the reputation of the Brand, the Stores, any other Cowboy Chicken stores or the goodwill associated with Marks.

(5) Developer (or any of its Principals or Affiliates) makes an unauthorized Transfer pursuant to Section 11.

(6) Developer (or any of its Principals or Affiliates) makes any unauthorized use or disclosure of any Confidential Information or uses, duplicates or discloses any portion of the Manuals in violation of this Agreement, Developer or any of its Affiliates or any of its or their principals or managers makes any unauthorized use of the Marks or any unauthorized use or disclosure of Trade Secrets or Confidential Information or otherwise engages in conduct that materially and adversely affects the reputation of the Stores or the goodwill associated with the Marks.

(7) Developer, Designated Principal or any of Developer's Principals fails to comply with or perform its covenants, representations and warranties in this Agreement, including without limitation the representations, warranties and covenants set forth in Section 7 and the restrictive covenants against competition set forth in Section 8.

(8) Franchisor has delivered a Notice of termination of a Franchise Agreement with Developer or any of its Affiliates (as Franchisee) in accordance with its terms and conditions.

(9) Developer fails to pay when due any income, withholding, service, sales or any other applicable taxes due on

Developer's business or any Store's operations, unless it is in good faith contesting its liability for such taxes and has effectively stayed the enforcement of liability for such taxes.

Except as provided in this Section 12, Franchisor may terminate this Agreement for failure by Developer (or any of its Principals) to comply with any other material provision of this Agreement including without limitation the representations and warranties contained in this Agreement, or any Standard material to development of the Stores within 30 days after Notice of such Event of Default is delivered to Developer.

(b) **Termination for Repeated Default.** This Agreement will terminate immediately upon delivery of Notice to Developer if Developer (or any of its Principals) fails on three or more separate occasions within any period of 12 consecutive months of any Event of Default under Section 12(a), whether the same or different Events of Default and whether or not such failures are corrected after Notice of such failure is delivered to Developer.

(c) **Termination for Insolvency.** This Agreement will automatically terminate upon any of the following: if any bankruptcy proceeding is commenced by or against Developer (or any Affiliate or Principal), Developer makes an assignment for the benefit of creditors or admits in writing its insolvency or inability to pay its debts generally as they become due; Developer consents to the appointment of a receiver, trustee or liquidator of all or the substantial part of its property; the Store is attached, seized, subjected to a writ or distress warrant or levied upon, unless such attachment, seizure, writ, warrant or levy is vacated within 30 days after Notice from Franchisor; or any order appointing a

receiver, trustee or liquidator of Developer or the Store is not vacated within 30 days following the entry of such order.

(d) **Termination for Violation of Applicable Law.** This Agreement will terminate immediately upon delivery of Notice to Developer if Developer (or any of its Principals or Affiliates) violates any Applicable Law or has any necessary license or certification revoked or suspended in whole or in part.

13. EFFECT OF TERMINATION, EXPIRATION OR NONRENEWAL.

Upon expiration or termination of this Agreement:

(a) **Payment of Amounts Owed.** Developer will pay to Franchisor within 15 days after the effective date of expiration or termination of this Agreement, or on such later date that the amounts due are determined, such fees, amounts owed for purchases from Franchisor or its Affiliates, interest due on any of the foregoing and all other amounts owed to Franchisor or its Affiliates which are then unpaid. If this Agreement is terminated by Franchisor following the occurrence of an Event of Default and Developer's failure to cure within any applicable cure period, Developer will within 30 days following the effective date of such termination pay Franchisor in a single lump sum payment, as liquidated damages and not as a penalty, an amount equal to the balance of the Initial Franchise Fee for each undeveloped Store. Developer acknowledges and agrees that the liquidated damages provided for in this Section 13(a) are a fair and reasonable approximation of the amount of damages sustained by Franchisor. Payment to Franchisor of such liquidated damages will not constitute an election of remedies by Franchisor or excuse performance of

Developer's post-termination obligations hereunder. Any payments received will be in addition to and not in lieu of any other remedies available to Franchisor at law or in equity.

(b) **Marks.** Developer may not directly or indirectly at any time or in any manner use any Mark, including any use of Marks in a derogatory, negative, or other inappropriate manner in any media, including, but not limited to, print or electronic media; use any colorable imitation of a Mark in any manner or for any purpose; utilize for any purpose any trade name, trade or service mark or other commercial symbol or other indicia that indicates or suggests a connection or association with Franchisor or the Store; identify any business as a former Store; or identify itself as one of Franchisor's licensees or franchisees (except with respect to other Stores Developer or its Affiliate owns and operates under continuing agreements with Franchisor). Developer will take such action as may be required to cancel all fictitious or assumed names or equivalent registrations relating to its use of any Mark.

(c) **System and Manuals.** Developer will immediately cease to use System and Confidential Information in any business or otherwise; and return to Franchisor all copies of the Manuals and any other proprietary or confidential materials that Franchisor has loaned to Developer.

(d) **Restrictive Covenants and Continuing Obligations.** Developer will comply with the restrictive covenants set forth in this Agreement. Developer's (and its Affiliates' and its Principals') obligations which expressly or by their nature survive the expiration or termination of this Agreement will continue in full force and effect subsequent to and notwithstanding its

expiration or termination and until such obligations are satisfied in full or by their nature expire.

(e) **Purchase Option.** Upon termination of this Agreement in accordance with Section 12 (excluding termination pursuant to Section 12(a)(1) or Section 12(a)(2)), Franchisor will have the option, exercisable by giving written notice thereof to Developer within 60 days from the date of such termination, to purchase the Operating Assets of Stores that are open and operating pursuant to this Agreement and any Franchise Agreement executed pursuant hereto, free and clear of all liens, restrictions or encumbrances (except with respect to any liens, restrictions or encumbrances running with the real estate that were approved by Franchisor in writing prior to Developer's or its Affiliates' purchase of the real estate). Franchisor will also have the option to purchase (or, as applicable, require Developer to assign to Franchisor any applicable leases for) all of such Stores' signs, equipment, fixtures and useable inventory in accordance with the terms of the applicable Franchise Agreements. The purchase price for such Stores will be determined in accordance with Exhibit F. In addition to the foregoing options, Franchisor has the right and option to require Developer to assign the lease(s) for each of the locations of such Stores to Franchisor or its designee in accordance with the applicable Franchise Agreements. If Franchisor elects to exercise the foregoing options, Franchisor will exercise such options with respect to all Stores that are open and operating in full compliance with the applicable Franchise Agreements. If Franchisor does not exercise its option with respect to such Stores then in operation, then Developer (or its Affiliate, as Franchisee) may continue operating the Stores subject to the terms of the applicable Franchise Agreements. Nothing contained in this Section 13(e) will constitute a waiver

of Franchisor's rights or remedies for an Event of Default under any Franchise Agreement between Franchisor and Developer or its Affiliate (as Franchisee).

14. FORCE MAJEURE AND CRISIS MANAGEMENT EVENTS.

(a) **Force Majeure.** Neither Franchisor nor Developer will be liable for loss or damage or deemed to be in breach of this Agreement if its failure to perform obligations results from a Force Majeure Event. Any delay resulting from any Force Majeure Event will extend performance accordingly or excuse performance, in whole or in part, as may be reasonable in the judgment of the Party to whom performance is owed. Developer or Franchisor will, within five days of the occurrence of the Force Majeure Event, give a written Notice to the other Party stating the nature of the Force Majeure Event, its anticipated duration and any action being taken to avoid or minimize its effect. Any suspension of performance will be of no greater scope and of no longer duration than is reasonably required; provided, however, if the suspension of performance continues for 90 days from the date of the occurrence and such failure to perform would constitute an Event of Default of this Agreement in the absence of such Force Majeure Event, the Parties will meet and discuss in good faith any amendments to this Agreement to permit Franchisor to exercise its rights under this Agreement. If the Parties are not able to agree on such amendments within 30 days and if suspension of performance continues, Franchisor may terminate this Agreement immediately by giving written Notice to Developer or exercise any of the remedies described in Section 12 or otherwise available at law or in equity. In no event will Developer's inability to pay amounts due under this Agreement constitute a Force Majeure Event and no Force Majeure Event

will operate to excuse Developer from the prompt payment of any fee or other payment due to Franchisor pursuant to this Agreement.

(b) **Crisis Management Events.** Developer must notify Franchisor within 24 hours of the occurrence of any Crisis Management Event by the method periodically specified in the Manuals or otherwise in writing, comply with Franchisor's instructions and fully cooperate with Franchisor's instructions in response to the Crisis Management Event. Failure to notify Franchisor within the required time period is a material breach of this Agreement.

15. GOVERNING LAW; DISPUTE RESOLUTION.

(a) **Non-Binding Mediation.** Before any Party may bring an action or commence a proceeding against the other Party, the Parties must first meet to mediate the dispute (except for controversies, disputes or claims related to or based on breach of the covenants and obligations set forth in Section 8(a) or Section 8(b)) in Dallas, Texas or such other location agreed upon by the Parties. Any such mediation will be non-binding and will be conducted by the International Institute for Conflict Prevention & Resolution ("CPR") in accordance with its then-current rules for mediation of commercial disputes.

Notwithstanding anything to the contrary, this Section 15 will not bar either Party from obtaining injunctive relief pursuant to Section 15(c)(5) against threatened conduct that will cause it to incur Losses and Expenses, under the usual equity rules, including the applicable rules for obtaining restraining orders and injunctions, without having to engage in mediation. In addition, this Section 15(a) will not apply to

any claim or dispute relating to Developer's failure to pay fees or other amounts owed to Franchisor under this Agreement. Franchisor and Developer will each bear their own costs of mediation, and each will bear one-half the cost of the mediator or mediation service.

(b) Governing Law. This Agreement will be governed by and interpreted according to the laws (exclusive of the conflicts of laws rules) of the State of Texas applicable to contracts entered into in Texas, except to the extent governed by the United States Trademark Act of 1946 (Lanham Act), the Copyright Act, and the Patent Act. As of the Effective Date, Franchisor has a place of business in the State of Texas, and Texas otherwise bears a reasonable relationship to this Agreement, the Parties' relationship established by this Agreement, and the Parties. By agreeing to the application of Texas law, the Parties do not intend to make this Agreement or their relationship subject to any franchise, dealership, distributorship, business opportunity, or similar statute, rule, or regulation of the State of Texas to which this Agreement or the Parties' relationship otherwise would not be subject. To the extent that this Agreement or the Parties' relationship otherwise would not, but for this Texas choice-of-law provision, be subject to such statutes, this Section 15 does not constitute a waiver of any statutory rights or remedies. Developer, its Principals and Franchisor acknowledge and agree that the choice of applicable state law set forth in this Section 15(b) provides each of the Parties with the mutual benefit of uniform interpretation of this Agreement and the Parties' relationship created by this Agreement. Developer, its Principals and Franchisor further acknowledge the receipt and sufficiency of mutual consideration for such benefit, and that each Party's agreement regarding applicable state law has

been negotiated in good faith and is part of the benefit of the bargain reflected in this Agreement.

(c) Arbitration.

(1) Claims Subject to Arbitration. Subject to Paragraph 15(c)(2), the Parties agree that all controversies, claims, or disputes between Franchisor and Developer arising out of or relating to the following (each, an "Arbitrable Claim") will be finally resolved by binding arbitration in accordance with Section 15(c)(4):

(A) this Agreement or any other agreement between Franchisor and Developer or any of its Affiliates or Principals;

(B) the relationship between Developer and Franchisor;

(C) the scope and validity of this Agreement or any other agreement between Franchisor or its Affiliates and Developer or any of its Affiliates or Principals, specifically including all disputes regarding the scope, validity or existence of this arbitration agreement, except that Franchisor and Developer intend for the court to address the applicability and scope of the exceptions found in Section 15(c)(2)(a); and/or

(D) the offer or sale of the franchise opportunity.

(2) Exception of Claims Subject to Arbitration. Franchisor and Developer recognize and agree that certain claims of Franchisor may not be best suited to determination through arbitration and agree that Franchisor, at its sole option, may bring the following types of claims, cases, disputes and causes of action either in court or in arbitration:

(A) Claims seeking injunctive or other equitable relief to enforce provisions of this Agreement, including without limitation claims for infringement of Franchisor's intellectual property, violation of the confidentiality provisions of Section 8(b), or breach of the non-competition provisions of Section 8(a), provided however that non-equitable claims joined with any injunctive claims must be heard separately in arbitration, and that regardless of the forum, any injunctive relief may be given without the necessity of Franchisor posting bond or other security and any such bond or other security is hereby waived; further, Developer acknowledges that the termination of any litigation for injunctive or other equitable relief shall not bar Franchisor from asserting non-equitable claims in an arbitration involving the same parties or causes of action;

(B) Claims seeking relief of any kind with respect to Developer's violation of any health or safety law; and/or

(C) Claims, including claims by an affiliate of Franchisor, seeking recovery or any other remedy based on Developer's failure to pay any moneys due under this Agreement, any agreement with an affiliate of Franchisor, or any unpaid invoices owed to an affiliate of Franchisor when due.

For resolution of any claim that is not subject to mandatory arbitration under Section 15(c)(1), such claim will be resolved in the Chosen Forum in accordance with Section 15(d).

(3) No Class Action. No party except Franchisor (including its employees, agents, officers or directors and its parent, subsidiary or affiliated companies) and Developer (including where applicable the immediate family members, owners, heirs,

executor, successors, assigns, shareholders, partners, and guarantors (as applicable) may join in or become a party to any arbitration proceeding arising under or related to this Agreement or any other agreement between Franchisor and Developer, the relationship between Franchisor and Developer, the scope and validity of this Agreement or any other agreement between Franchisor and Developer, specifically including whether any specific claim is subject to arbitration at all (i.e. arbitrability questions) and/or the offer or sale of the franchise opportunity; and further, the arbitrator will not be authorized to permit any person or entity that is not a party to this Agreement or identified in this paragraph to be involved in or to participate in any arbitration conducted pursuant to this Agreement. No matter how styled by the party bringing the claim, any claim or dispute is to be arbitrated on an individual basis and not as a class action or representative action and further, no claim may be consolidated or joined. **DEVELOPER EXPRESSLY WAIVES ANY RIGHT TO ARBITRATE OR LITIGATE AS A CLASS ACTION OR IN A PRIVATE ATTORNEY GENERAL CAPACITY.** Any question regarding the interpretation or enforceability of this prohibition on class-wide or representative arbitration shall be resolved by a court of competent jurisdiction, and not the arbitrator.

(4) Binding Arbitration in Dallas, Texas. Subject to the provision for temporary injunctive relief pending arbitration contained in Section 15(c)(5), all Arbitrable Claims will be finally resolved by binding arbitration in accordance with the CPR Rules for Non-Administered Arbitration (the "CPR Rules") then currently in effect. All Arbitrable Claims will be decided by one arbitrator chosen from the Panels of Distinguished Neutrals maintained by the CPR in accordance with Rules 5.3

and 6 of the CPR Rules. Unless otherwise agreed in writing, any arbitrator chosen to decide an Arbitrable Claim will be a current or former practicing attorney or judge; have at least ten years of experience in litigation, arbitration, and/or mediation of commercial disputes; and have prior experience as an arbitrator of at least three manufacturer/dealer or franchisor/developer disputes. Each Party will be responsible for its own attorneys' fees associated with the arbitration and for such costs as it is liable pursuant to the CPR Rules. The place of arbitration will be Dallas, Texas unless otherwise agreed in writing. The arbitration will be governed by the Federal Arbitration Act, 9 U.S.C. § 1 et seq. (the "FAA"). It is expressly understood and agreed that arbitration proceedings under this Agreement are subject to the confidentiality provisions of Section 19(b) of this Agreement.

(5) Temporary Injunction Relief Pending Arbitration. The Parties to this Agreement understand, acknowledge, and agree that the CPR Rules specifically contemplate the availability of interim measures to preserve the status quo and/or prevent irreparable injury pending arbitration. The Parties expressly understand and agree that the advance notice requirements provided for in this Agreement, with respect to termination or amendment provide sufficient opportunity for a Party challenging any termination or amendment of this Agreement to seek interim measures (including the arbitral equivalent of a temporary restraining order, preliminary injunction, or other equitable relief) in arbitration pursuant to the binding arbitration provisions of Section 15(c)(4). By seeking or obtaining a temporary restraining order, preliminary injunction, or other equitable relief pending arbitration pursuant to the provisions of this Section 15(c)(5), a Party is not relieved of its

obligation to have the merits of an Arbitrable Claim decided in accordance with the binding arbitration provisions of Section 15(c)(4).

(6) Enforcement of Arbitration Awards. Judgment upon the award rendered by the arbitrator(s) in any arbitration between the Parties may be entered by any court of competent jurisdiction.

(7) Contingency. If for any reason the binding arbitration provisions of this Agreement are not enforceable, the exclusive forum for resolution of any otherwise Arbitrable Claims will be the United States District Court for the Northern District of Texas, Dallas Division except that, if the federal court lacks subject matter jurisdiction, the forum shall be the District Court of Dallas County, Texas. The provisions of this Section 15(c)(7) will not apply to any claim for temporary injunctive relief pending arbitration filed pursuant to Section 15(c)(5) above.

(d) Consent to Jurisdiction and Venue. To the extent that this Agreement permits or requires litigation, the Parties hereby irrevocably submit to the exclusive jurisdiction provision of Section 15(c)(7) (the "Chosen Forum"). By execution and delivery of this Agreement, each Party hereby irrevocably waives, to the fullest extent it may effectively do so, any claim that it is not personally subject to the jurisdiction of the Chosen Forum or that the Chosen Forum is not a convenient forum. By execution and delivery of this Agreement, each Party hereby agrees not to assert, by way of motion, as a defense, or otherwise, in any such suit, action, or proceeding, any claim that it is not personally subject to the jurisdiction of the Chosen Forum or that the Chosen Forum is not a convenient forum. Franchisor and Developer agree that a final judgment (as to

which all appeals have been exhausted or the time within which such appeals may be made has expired) in any such action or proceeding will be conclusive and may be enforced in any other jurisdiction by suit on the judgment or in any other manner provided by law.

(e) **Limitations of Claims.** Any and all claims arising out of or relating to this Agreement or the relationship among the Parties will be barred unless a judicial or arbitration proceeding is commenced within two years from the date on which the Party asserting such claim knew or should have known of the facts giving rise to such claims.

(f) **Limitation on Damages.** Except with respect to (1) Developer's obligation to indemnify Franchisor and its Affiliates pursuant to Section 10; (2) claims for Developer's disclosure of Confidential Information in Section 8(b); and (3) payment or recovery of liquidated damages described in Section 13(a), FRANCHISOR AND DEVELOPER 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 A DISPUTE BETWEEN FRANCHISOR AND DEVELOPER, THE PARTY MAKING A CLAIM WILL BE LIMITED TO EQUITABLE RELIEF AND TO RECOVERY OF ANY DIRECT OR GENERAL DAMAGES THE PARTY SUSTAINS.

(g) **Rights of Parties Are Cumulative.** Franchisor's and Developer's rights under this Agreement are cumulative, and their exercise or enforcement of any right or remedy under this Agreement will not preclude their exercise or enforcement of

any other right or remedy under this Agreement which they are entitled by Applicable Law to enforce.

(h) **Costs and Legal Fees.** If Franchisor incurs expenses in connection with the Developer's failure to pay when due any monies owed, to submit when due any reports, information, or supporting records, or otherwise to comply with this Agreement, Developer will reimburse Franchisor for any of the costs and expenses which it reasonably incurs, including, without limitation, reasonable accounting, attorneys', arbitrators' and related fees to enforce such provisions of the Agreement.

(i) **WAIVER OF JURY TRIAL.** THE PARTIES HERETO IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM IN CONNECTION WITH ANY MATTER OR DISPUTE OF ANY KIND ARISING UNDER OR IN ANY WAY CONNECTED WITH THIS AGREEMENT OR ANY RIGHT OR REMEDY HEREUNDER, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER OF FRANCHISOR OR DEVELOPER.

Initials

(j) **Material Inducement for Franchisor.** DEVELOPER AND ITS PRINCIPALS EACH EXPRESSLY ACKNOWLEDGES AND AGREES THAT THIS SECTION 15 IS ENTERED INTO VOLUNTARILY AND IS NOT THE PRODUCT OF COERCION ON THE PART OF FRANCHISOR. THE BINDING ARBITRATION, CHOICE OF LAW AND FORUM, WAIVER OF PUNITIVE DAMAGES, LIMITATION ON ACTIONS, WAIVER OF CLASS ACTION, AND OTHER PROVISIONS OF THIS SECTION

15 ARE A MATERIAL INDUCEMENT FOR FRANCHISOR TO ENTER INTO THIS AGREEMENT.

16. NOTICES.

All Notices required or permitted under this Agreement will be deemed given (1) when delivered by hand; (2) two days after electronically confirmed transmission by facsimile or electronically confirmed delivery receipt by electronic mail; or (3) three days after confirmed delivery if by certified or registered mail, postage prepaid; or (4) upon delivery by a nationally-recognized courier or delivery service. Either Party may specify a different address by notifying the other Party in writing of the different address. The notice address for each Party is set forth on the Summary Page.

17. MISCELLANEOUS.

(a) **Severability.** Except as expressly provided to the contrary in this Agreement, each section, paragraph, term and provision of this Agreement, and any portion, will be considered severable, and if, for any reason, any such provision is held to be invalid or contrary to or in conflict with any applicable present or future law or regulation in a final, unappealable ruling issued by any court, agency or tribunal with competent jurisdiction in a proceeding to which Franchisor is a party, that ruling will not impair the operation of, or have any other effect upon, such other portions of this Agreement as may remain otherwise intelligible, which will continue to be given full force and effect and bind the parties, although any portion held to be invalid will be deemed not to be a part of this Agreement from the date the time for appeal expires, if Developer is a party, otherwise upon Developer's receipt of a notice of non-enforcement from Franchisor.

(b) **Substitution of Valid Provisions.** Every part of this Agreement will be considered severable. If for any reason any part of this Agreement is held to be invalid, that determination will not impair the other parts of this Agreement. If any covenant herein which restricts competitive activity is deemed unenforceable by virtue of its scope in terms of geographical area, type of business activity prohibited and/or length of time, but could be rendered enforceable by reducing any part or all of it, Developer and Franchisor agree that it will be enforced to the fullest extent permissible under Applicable Law and public policy. If any Applicable Law requires a greater prior notice of the termination of or refusal to enter into a successor franchise than is required hereunder, a different standard of "good cause," or the taking of some other action not required hereunder, the prior notice, "good cause" standard and/or other action required by such law will be substituted for the comparable provisions hereof. If any provision of this Agreement or any specification, standard or operating procedure prescribed by Franchisor is invalid or unenforceable under Applicable Law, Franchisor has the right, at Franchisor's sole option, to modify such invalid or unenforceable provision, specification, standard or operating procedure to the extent required to make it valid and enforceable.

(c) **Effect of Delay, Waiver, Omission or Forbearance.** No delay, waiver, omission or forbearance by Franchisor to exercise any right, option, duty or power arising out of any breach or default by Developer or its Principals under this Agreement will constitute a waiver by Franchisor to enforce any such right, option, duty or power against Developer or its Principals, or as to subsequent breach or default by Developer or its Principals. Subsequent acceptance by Franchisor of any

payments due to it hereunder will not be deemed to be a waiver by Franchisor of any preceding breach by Developer or its Principals of any terms, provisions, covenants or conditions of this Agreement.

(d) **Binding Effect.** This Agreement is binding upon the parties and their respective executors, administrators, heirs, assigns and successors in interest and will not be modified except by a written agreement signed by both Developer and Franchisor.

(e) **Disclaimer of Warranties.** Each Party hereby acknowledges that neither the other Party nor its agents or representatives have made any promises, representations, guarantees nor warranties of any nature concerning actual or potential sales or profits of a Cowboy Chicken store or that the licensed Stores to be established and operated by Developer or its Affiliate, as Franchisee, hereunder will be successful or profitable. Developer and its Principals represent and acknowledge that they are not relying upon any information, promise, representation, guaranty, or warranty by Franchisor in entering into this Agreement other than those set forth in this Agreement (including its exhibits, addenda, and attachments). Developer and its Principals expressly waive any claim of negligent misrepresentation or omission. Each Party further represents to the other that it has independently reviewed and evaluated the business to be conducted by Developer under this Agreement, and the decision to enter into this Agreement was made solely in reliance upon such independent evaluation. Notwithstanding the foregoing, nothing in this Agreement or in any related agreement is intended to disclaim the representations made by Franchisor in the Franchise Disclosure Document furnished to Developer.

(f) **Receipt of Disclosure.** The following applies only in the event this Agreement will have effect within a province or territory requiring compliance with pre-sale franchise disclosure law: Developer acknowledges that it has received as one document at one time, either personally or by registered mail, a copy of the form of this Agreement, the exhibits hereto, and the applicable complete franchise disclosure document not less than 14 days prior to the earlier of: (i) the date on which this Agreement or any other agreement relating thereto was executed, and (ii) the payment of any consideration by or on behalf of Developer relating to this Agreement, and the franchise associated therewith (except, where applicable, any deposit permitted under Applicable Law).

(g) **Entire Agreement.** This Agreement (including its exhibits, addenda, and attachments) constitutes the entire agreement between the Parties, and supersedes any and all prior or contemporaneous negotiations, discussions, understandings, or agreements. There are no other oral or written understandings or agreements between Franchisor and Developer relating to the subject matter of this Agreement.

(h) **Construction.** The preambles and exhibits are a part of this Agreement. Nothing in this Agreement is intended, nor is deemed, to confer any rights or remedies upon any Person not a party to this Agreement. The singular usage includes the plural and the masculine and neuter usages include the other and the feminine.

(i) **Headings.** The headings of the several sections and paragraphs are for convenience only and do not define, limit or construe the contents of such sections or paragraphs.

(j) **Multiple Copies.** This Agreement may be executed in multiple copies, each of which will be deemed an original.

(k) **Conflicting Provisions.** The parties will strive to ensure that there is no conflict between this Agreement and the terms of any Franchise Agreement. If the parties agree to enter in a Franchise Agreement with provisions that conflict with the Agreement, the parties will simultaneously amend this Agreement to be consistent with the Franchise Agreement.

18. PUBLIC ANNOUNCEMENTS.

No public communication, press release or announcement regarding this

Agreement, the transactions contemplated hereby, any Franchise Agreement or Crisis Management Event will be made by Developer without Notice to Franchisor and Franchisor's prior approval of such communication, press release or announcement. Developer will not disclose the substance of this Agreement to any third party except as necessary to obtain a lease or renewal or obtain any permit, license or other approvals, or to the extent required by the lawful order of any court of competent jurisdiction having jurisdiction over Developer or for any public disclosure otherwise required by Applicable Law.

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Agreement as of the Effective Date.

FRANCHISOR:

DEVELOPER:

Cowboy Chicken Franchising, LP

[_____]

By: _____

By: _____

Printed Name: _____

Printed Name: _____

Title: _____

Title: _____

EXHIBIT A

I. FRANCHISOR'S APPROVAL OF DEVELOPER'S EXISTING BRANDS

In accordance with the restrictive covenants in Section 8(a) and the definition of Competitive Business in Section 1(h) the following Existing Brands operated by Developer and/or its Affiliates are deemed excluded from Competitive Business: _____

Franchisor hereby approves the continued operation of the above-named brands existing as of the Effective Date and acknowledges that Developer may continue to develop additional units of the above-named existing brands anywhere during the Term of the Agreement without any obligation to Franchisor.

II. DEVELOPMENT SCHEDULE

Development Period	Commencement	Expiration	Deadline to Sign Franchise Agreement	Balance of Initial Franchise Fee Due Upon Execution of Franchise Agreement*	Cumulative Stores That Must Be Open and Operating at the Expiration of Each Development Period
1	Effective Date				
2					
3					

*Upon execution of the Franchise Agreement for the first Store to be developed under this Agreement, Franchisor will apply a portion of the Development Fee in full satisfaction of the Initial Franchise Fee due under such Franchise Agreement. For each subsequent Franchise Agreement that is executed under this Agreement, Franchisor will apply \$20,000 of the Development Fee in partial satisfaction of the Initial Franchise Fee and Developer or its Affiliate (as Franchisee) will be required to pay the balance of the Initial Franchise Fee.

EXHIBIT B

ORGANIZATIONAL AND OWNERSHIP INFORMATION

Developer is a _____, organized on _____, under the laws of the State of _____. Its Federal Identification Number is _____. It has not conducted business under another name. The following is a list of Developer directors and officers as of the Effective Date. Capitalized terms not defined in this Exhibit B have the meanings given in the Area Development Agreement dated _____ between Developer and Franchisor.

Name	Position(s) Held

Developer represents and warrants to Franchisor that all Equity Interests in Developer are disclosed in the Guaranty. Developer will disclose to Franchisor such additional information as Franchisor may periodically request concerning all Persons having an Equity Interest in Developer. As of the Effective Date:

Name	Mailing Address	% of Equity Interest

EXHIBIT C

GUARANTY AND UNDERTAKING OF OBLIGATIONS

This GUARANTY AND UNDERTAKING OF OBLIGATIONS ("Guaranty") dated _____, 20____, ("Effective Date") is given to Franchisor, by each of the undersigned as a Principal of Developer, in consideration of and as an inducement to the execution of the attached Area Development Agreement, including any exhibits and amendments thereto ("Agreement") by and between Franchisor and Developer. Capitalized terms not defined in this Guaranty and Undertaking of Obligations has the meanings given in the Agreement.

Principal hereby personally and unconditionally guarantees to Franchisor and its successors and assigns, for the Term and afterward as provided in the Agreement, that Developer will punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement.

Principal represents that each and every representation of Developer made in connection with the Agreement is true, correct and complete in all respects as of the time given and as of the time of the undersigned Principal(s)' execution of this Guaranty and Undertaking of Obligations. Principal acknowledges that it is included in the term "Principal" as described in Section 1(xx) of the Agreement and without limiting any guarantee of Developer's obligations under the Agreement, makes all covenants, representations, warranties and agreements of Principals set forth in the Agreement and is obligated to individually perform thereunder for so long as Principal qualifies as a Principal and thereafter to the extent expressly provided by the terms of the Agreement, including without limitation the representations, warranties and covenants described in the following sections of the Agreement: Section 7 (Representations, Warranties and Covenants), Section 8 (Restrictive Covenants), Section 10 (Indemnification), Section 11 (Transferability of Interest), and Section 15 (Governing Law; Dispute Resolution).

Principal hereby unconditionally agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Agreement, both monetary obligations and obligations to take or refrain from taking specific actions, or to engage or refrain from engaging in specific activities.

Principal consents and agrees that it will render any payment or performance required under the Agreement upon demand if Developer fails or refuses punctually to do so.

Principal consents and agrees that such liability will not be contingent or conditioned upon pursuit by Franchisor of any remedies against Developer or any other Person and waives any right it may have to require that an action be brought against Developer or any other Person as a condition of its liability. Principal further waives protest and notice of default, demand for payment or nonperformance or any obligations guaranteed, and any and all other notices and legal or equitable defenses to which Principal may be entitled in its capacity as guarantor.

Principal consents and agrees that such liability will not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence that Franchisor may periodically grant to Developer or to any other Person, including, without limitation, the

acceptance of any partial payment or performance or the compromise or release of any claims, none of which will in any way modify or amend this Guaranty, which will be continuing and irrevocable during the Term.

Principal waives all rights to payments and claims for reimbursement or subrogation which any of the undersigned may have against Developer arising as a result of the undersigned's execution of and performance under this Guaranty.

This Guaranty and all claims arising from, under or with respect to the relationship between Franchisor and Principal(s) will be interpreted, enforced and governed by the laws of Texas (without regard to Texas conflicts of law rules).

Principal further acknowledges and agrees as follows:

- (a) he has read the terms and conditions of the Agreement and acknowledges that the execution of this Guaranty is in partial consideration for, and a condition to Franchisor's execution of the Agreement, and Franchisor would not have granted such rights without the execution of this Guaranty by each of the undersigned;
- (b) This Guaranty will remain in force notwithstanding the death of the undersigned, and will be binding on the undersigned's personal representatives; and
- (c) This Guaranty will continue and will be enforceable notwithstanding any change in the name or the constitution of Franchisor or Developer.

Principal represents and warrants that the following is a complete and accurate list of all Principals of Developer and a full description of the nature and extent of each Principal's Equity Interest in Developer. Developer, and Principal as to its Equity Interest, represents and warrants that Principal is the sole and exclusive legal and beneficial owner of its Equity Interest in Developer, free and clear of all liens, restrictions, agreements and encumbrances of any kind or nature, other than those required or permitted by this Guaranty.

IN WITNESS WHEREOF, each of the undersigned has affixed his or her signature as of the Effective Date.

PRINCIPAL:

EQUITY INTEREST

By: _____
Printed Name: _____
Title: _____

_____%

By: _____
Printed Name: _____
Title: _____

_____%

By: _____
Printed Name: _____
Title: _____

_____%

EXHIBIT D
FRANCHISE AGREEMENT

EXHIBIT E

DESIGNATED PRINCIPAL'S

CONFIDENTIALITY AND NON-COMPETE AGREEMENT

_____, a company with an address at _____ ("Developer"), for itself and on behalf of Franchisor, its franchisor pursuant to the ADA dated _____ between Developer and Franchisor, and _____, an individual having an address at _____ ("Designated Principal" or "you"), hereby enter into this Agreement, effective as of _____, ("Effective Date") and agree as follows:

All defined terms used in this Agreement and not otherwise defined will have the meanings set forth in Attachment E-1.

A. Confidentiality.

1) Developer and Designated Principal, for their mutual benefit, desire to have Franchisor disclose to Designated Principal certain Confidential Information for the Purpose.

2) Confidential Information means any and all information, knowledge, know-how, trade secrets, trade dress, methodologies, techniques, procedures, applications and materials, in whatever form, used in or related to the System which Franchisor provides to Developer, or which Developer or its Affiliates or employees develop or have access to, in connection with this Agreement or the operation of a Store hereunder, including, without limitation, the Standards; the Manuals; any ingredients, formulae and recipes applicable to menu items; Franchisor's or its Affiliate's product sourcing, pricing, manufacturing, inventory management and control, supply and distribution; technology, point of sale and related computer software; advertising, marketing and promotional programs including gift card, loyalty and customer reward programs; customer data; financial data and statements; training and operational methodology, content (including without limitation inventory and financial controls) and management programs; and any other information or data regarding the business of Franchisor or any of its Affiliates that would reasonably be considered the proprietary or confidential information of Franchisor or its Affiliates. ("Confidential Information"). Confidential Information may be in any form or medium, tangible or intangible, and may be communicated in writing, orally, or through visual observation.

3) For the duration of Designated Principal's employment with Developer and at all times thereafter, Designated Principal will use the Confidential Information solely for the Purpose, will not disclose such Confidential Information to any third parties without Franchisor's consent and will reproduce Confidential Information only to the extent essential to fulfilling the Purpose.

4) Designated Principal must notify Franchisor immediately upon discovery of any unauthorized use or disclosure of any Confidential Information, or any other breach of the Agreement by Designated Principal or any representative of Designated Principal, and will

cooperate with Franchisor in every reasonable way to help Franchisor regain possession of its Confidential Information and prevent its further unauthorized use or disclosure.

5) The covenants of confidentiality set forth in this Agreement will apply after the Effective Date to all Confidential Information disclosed to Designated Principal before and after the Effective Date.

6) Upon Franchisor's request, Designated Principal will either return to Franchisor all Confidential Information or, at Franchisor's option, will certify to Franchisor that all media containing Confidential Information have been destroyed. Provided, however, that an archival copy of the Confidential Information may be retained in the files of Designated Principal's counsel solely for the purpose of proving the contents of the Confidential Information.

7) The foregoing restrictions on Designated Principal's use or disclosure of Confidential Information will not apply to Confidential Information that Designated Principal can demonstrate: a) was independently developed by or for the Designated Principal without reference to the Confidential Information, or was received without restrictions; b) has become generally available to the public through no wrongful act or breach of confidentiality obligations by the Designated Principal; c) was in the Designated Principal's possession without restriction or was known by the Designated Principal without restriction at the time of disclosure; or d) is required by a court order to be disclosed; provided, however, that the Designated Principal has given Franchisor prompt notice of such demand for disclosure, has taken reasonable steps to enable Franchisor to seek to protect the confidentiality of the Confidential Information required to be disclosed and will disclose only that part of the Confidential Information which, in the written opinion of legal counsel, it is required to disclose.

8) As between the parties, all Information will remain the property of Franchisor. By disclosing Confidential Information or executing this Agreement, Franchisor does not grant any license, explicitly or implicitly, under any trademark, patent, copyright, mask work protection right, trade secret or any other intellectual property right. Further, any Confidential Information provided by Franchisor hereunder is provided "AS IS" and no warranties are made by Franchisor regarding such Confidential Information.

9) Execution of this Agreement and the disclosure of Confidential Information pursuant to this Agreement do not constitute or imply any commitment, promise, or inducement by Franchisor to make any purchase or sale, or to enter into any additional agreement of any kind. Moreover, unless otherwise specifically agreed in writing, any knowledge or information which Designated Principal discloses to Franchisor will not be deemed to be proprietary or confidential and will be acquired by Franchisor free from any restrictions; however, no license under any applicable patent(s) of Designated Principal will be granted or implied.

10) Franchisor's failure to enforce any provision, right or remedy under this Agreement will not constitute a waiver of such provision, right or remedy.

11) This Agreement and performance hereunder will be interpreted, enforced and governed by the laws of the location in which Designated Principal's services are performed, without regard to such state's conflicts of laws rules.

12) Designated Principal acknowledges that money damages alone would be an inadequate remedy for the injuries and damages that would be suffered and incurred by Franchisor as a result of Designated Principal's breach of this Agreement. Therefore, Designated Principal agrees that if Designated Principal violates or threatens to violate this Agreement, Franchisor, in addition to any other remedies it may have at law or equity, will be entitled to a restraining order, injunction, or other similar remedy in order to enforce the provisions of this Agreement. In the event Franchisor should seek an injunction hereunder, Designated Principal hereby waives any requirement for the submission of proof of the economic value of any Confidential Information or the posting of a bond or any other security. Designated Principal will bear all costs and expenses, including legal fees and costs, incurred by Franchisor in enforcing the provisions of this Agreement.

B. Competition.

For so long as you are Developer's Designated Principal under the ADA and for a period of two years from disassociation with Developer or date ceasing to be Developer's Designated Principal, you will not, either directly or indirectly, individually or through, on behalf of, or in conjunction with any other person:

- 1) Own, maintain, operate, be employed by, engage in, franchise, lease property to, advise, help, make loans to, or have any interest in, either directly or indirectly, any Competitive Business;
- 2) Divert or attempt to divert any actual or prospective business or customer of the Store to any Competitive Business, by direct or indirect inducement or otherwise; or
- 4) Do or perform, directly, any or indirectly, any other act injurious to or prejudicial to the goodwill associated with the Marks and the System.

The above covenants apply exclusively in the Territory and the United States of America during the time that you serve as Developer's Designated Principal and within three miles of any then-existing Store for the 2-year period following the date you cease to be Developer's Designated Principal.

If all or any portion of this Agreement is held unreasonable or unenforceable by a tribunal, court or agency having valid jurisdiction in an unappealed final decision to which Developer is a party, you agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by applicable law. If any portion of the restrictions contained in this Agreement are held to be unreasonable, arbitrary or against public policy by any tribunal, court or agency having valid jurisdiction, then the restrictions will be considered divisible, both as to time and to the geographical area, with each month or the specified period being deemed a separate period of time and each radius mile of the restricted territory being deemed a separate geographical area, so that the lesser period of time or geographical area will remain effective and may be enforced against you so long as the same is not unreasonable, arbitrary, or against public policy. If you violate any of the covenants contained herein, and if any court, tribunal or agency action is instituted by Developer to prevent or enjoin such violation, then the period of time during which the covenants of this Agreement

apply will be lengthened by a period of time equal to the period between the date of the breach of the terms or covenants contained in this Agreement and the date on which the decree of the disposition of the tribunal, court or agency having valid jurisdiction of the issues upon the merits will become final and not subject to further appeal.

You acknowledge that the geographical and time limitations contained in this Agreement are reasonable and properly required for the adequate protection of the Confidential Information, including Franchisor's trade secrets. You acknowledge that Franchisor and Developer will provide to you training and Confidential Information in reliance upon the covenants contained in this Agreement.

Without limiting any provision of this Agreement, you and Developer recognize and agree that Franchisor is a third party beneficiary of this Agreement, and at all times during and after your association with Developer as its Designated Principal Franchisor will have the independent right to enforce the terms of this Agreement.

You also recognize and agree that your designation as Developer's Designated Principal may be withdrawn by Developer or that Developer may disassociate with you at any time, with or without cause.

This Agreement and all claims arising from, under or with respect to the relationship between Developer and you will be interpreted, enforced and governed by the laws of Texas (without regard to conflicts of law rules). Any dispute arising out of or under this Agreement not settled by agreement will be resolved in accordance with the terms of the ADA.

This Agreement constitutes the entire agreement of the parties with respect to the parties' respective obligations in connection with Confidential Information disclosed hereunder and supersedes all prior oral and written agreements and discussions with respect thereto.

This Agreement may be executed in one or more counterparts and in both original form and one or more electronic or photocopies, each of which will be deemed to be and constitute one and the same instrument.

The parties can amend or modify this Agreement only by a writing duly executed by their respective authorized representatives.

Designated Principal will not assign this Agreement without first securing Franchisor's written consent.

Franchisor will be an intended beneficiary of this Agreement with the full and independent right to enforce each and all of its terms.

As evidenced by your signature below, you hereby acknowledge that you have carefully read this Agreement completely and understand and agree to all of the terms set forth above, and that Developer has provided you with a copy for your records.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their duly authorized representatives on the date(s) indicated.

DEVELOPER:

By: _____
Name: _____
Title: _____
Date: _____

DESIGNATED PRINCIPAL

By: _____
Name: _____
Date: _____

ATTACHMENT E-1

TO CONFIDENTIALITY AND NON COMPETE AGREEMENT

DEFINITIONS

"ADA" means the Area Development Agreement between Franchisor and Developer.

"Affiliate" means, with respect to a named Person, any Person that is controlled by, controlling or under common control with the named Person.

"Agreement" means this Confidentiality and Non-Compete Agreement between Developer and Designated Principal.

"Competitive Business" means any fast casual and casual dining restaurant that, as determined by Franchisor, is the same as or substantially similar to the Stores, including, without limitation, any food service establishment or chain of food service establishments that offers rotisserie chicken as a primary menu item, accounting for 25% or more of its entree menu. A Competitive Business does not include: (i) other businesses that are licensed by Franchisor or any of its Affiliates; or (ii) Developer's Existing Brands.

"Franchisor" means Cowboy Chicken Franchising, LP.

"Manuals" means Franchisor's operations and training manuals, and any other written directives related to the System, in whatever form and provided in whatever manner, as the same may be periodically amended and revised by Franchisor at its sole option, including the Standards, all bulletins, supplements and ancillary and additional manuals and directives established by Franchisor from time to time.

"Person" means any natural person or entity.

"Purpose" means the management of the day to day operations of Developer, including without limitation supervising and overseeing the operation of the business contemplated by this Agreement.

"Store" means a Cowboy Chicken store.

"Standards" means the standards, requirements, specifications, techniques, methods, policies and procedures of the System and Brand and for the development and operation of Cowboy Chicken stores, as set forth in the Manuals or otherwise specified by Franchisor in writing and as may be amended by Franchisor from time to time.

"System" means the business system for establishing and operating the Stores, the distinguishing characteristics of which include, without limitation, distinctive exterior and interior design, decor, color scheme, furnishings and equipment; special ingredients, recipes and menu items; the Standards; quality and uniformity of products and services offered; procedures for product sourcing, inventory, management, logistics, pricing; training and assistance; and marketing,

advertising and promotional programs; all of which may be changed, improved and further developed by Franchisor from time to time.

EXHIBIT F

PURCHASING OPTION TERMS AND CONDITIONS

If Franchisor exercises its option to purchase under Section 13(e) of the Agreement following termination of the Agreement, Franchisor will purchase the Operating Assets as set forth in Section I below and will assume no liabilities, unless otherwise agreed in writing by the Parties. "Operating Assets" means Brand Property (i.e. all interior and exterior signage, décor and art using the Marks and any furniture, equipment, smallwares or materials designated by Franchisor as "Brand Property," including without limitation the rotisserie ovens used in the operation of Cowboy Chicken stores) and all other equipment (including without limitation computer hardware, software and audio and sound system), signs, interior and exterior décor items, fixtures, furnishings, supplies and other products and materials required for the operation of the Stores, as periodically specified by Franchisor in the Manuals or otherwise in writing. Franchisor has the unrestricted right to assign this option. Capitalized terms not defined in this Exhibit F have the meanings given in the Agreement.

I. Purchase Price of Operating Assets.

If the Parties cannot agree on a fair market value of the Operating Assets, fair market value will be determined by three independent appraisers (each of whom must at a minimum satisfy Franchisor's criteria for appraisal and valuation firms as set forth in the Standards) who collectively will conduct one appraisal. Each of the Franchisor and Developer may select an appraiser, and the two appraisers will appoint the third appraiser. Franchisor and Developer will select their respective appraisers within 15 days from the date of Franchisor's Notice, and the two appraisers so chosen are obligated to appoint the third appraiser within 15 days from the date on which the last of the two Party-appointed appraisers was appointed. Franchisor and Developer will bear the fee, cost and expense of their own appraisers and share equally the fees, cost and expenses of the third appraiser. The appraisers must agree to complete their appraisal within 30 days from the date of the third appraiser's appointment. If the two appraisers are unable to agree on a third appraiser, the fair market value will be determined by the two appraisers and the average of their determinations will be binding.

II. Occupancy of Premises.

Leasehold Rights. If Developer occupies the Premises a Store pursuant to a lease agreement, Developer will and will cause any Principal or Affiliate to assign such lease agreement to Franchisor or its designee (subject to landlord's consent). If the Premises is leased from a landlord other than a Principal or Affiliate, on Franchisor's request, Developer will assign the lease agreement to Franchisor or its designee or enter into a sublease with Franchisor or its designee for the remainder of the term of the lease agreement on the same terms (including renewal options) as the lease agreement (subject to landlord's consent). Franchisor acknowledges that this obligation may be subject to approval or consent by any third-party landlord. Developer will exert its best efforts to secure any required consent from any third-party landlord to cause the lease agreement to be assigned or a sublease granted to Franchisor.

If Developer owns the Premises for a Store, Franchisor, at its option, will upon purchase of the Operating Assets as described in Section I above, enter into a standard lease with Developer on terms comparable to those for which similar commercial properties in the Territory are being leased. The initial term of the lease with Developer will be at least ten years with two options to renew of five years each, and the rent will be the fair market rental value of the Premises. If Developer and Franchisor cannot agree on the fair market rental value of the Premises, then appraisers (selected in the manner described in Section I above) will determine such rental value, as applicable.

III. Closing.

Franchisor will be entitled to all customary warranties and representations in connection with the purchase of the Operating Assets of the Stores, as applicable, including, without limitation, representations and warranties as to ownership and condition of and title to assets, liens and encumbrances on assets, validity of contracts and agreements, and liabilities affecting the assets, contingent or otherwise. The purchase price will be paid in cash and is due at closing; provided, that Franchisor will have the right to set off from the purchase price (i) all fees due from Developer for any appraisal conducted hereunder, (ii) all amounts due from Developer to Franchisor or any of its Affiliates, and (iii) any costs incurred in connection with any escrow arrangement (including reasonable legal fees). The closing will take place not later than 45 days from the date of determination of the purchase price in writing by the appraisers unless the Parties otherwise agree in writing. At the closing, Developer will deliver to Franchisor:

A. instruments transferring good and merchantable title to the Operating Assets purchased, free and clear of all liens and encumbrances (other than liens and security interests acceptable to Franchisor), with all sales and other transfer taxes paid by Developer (provided, if Developer cannot deliver clear title to all of the purchased assets, the closing of the sale will be accomplished through an escrow);

B. instruments transferring all approvals, licenses (including without limitation liquor licenses) and/or permits of the Store which may be assigned or transferred, with appropriate consents, if required;

C. instruments transferring fee simple or leasehold interest in the Premises for the Stores and improvements thereon, subject to any necessary approvals from third-party landlords or financial institutions or banks; and

D. general releases, in form satisfactory to Franchisor, from Developer and its Principals, of any and all claims against Franchisor, its Affiliates, and its officers, directors, employees, agents, successors and assigns.

EXHIBIT G

STATE ADDENDA

**ADDENDUM TO THE AREA DEVELOPMENT AGREEMENT PURSUANT TO THE
CALIFORNIA FRANCHISE INVESTMENT LAW**

This Addendum to the Area Development Agreement between Cowboy Chicken Franchising, LP and _____ ("Developer") is dated _____. Capitalized terms not defined in this Addendum have the meanings given in the Area Development Agreement. Notwithstanding anything which may be contained in the Area Development Agreement to the contrary, the Area Development Agreement is amended to include the following:

1. Section 6(a) of the Development Agreement will be supplemented by the addition of the following statement applicable to developers in California.

Developer will not be required to pay the initial Development Fee, Initial Franchise Fee, construction-related fees and grand opening marketing fees due to Franchisor and/or its affiliates under the Area Development Agreement or first Franchise Agreement, until Franchisor has completed all its pre-opening obligations to Developer under the Area Development Agreement or first Franchise Agreement and Franchisee begins operating its first franchised Store.

2. Section 11(c)(2) of the Development Agreement is hereby deleted and replaced with the following:

(2) The proposed transferee (and its direct and indirect owners):

- (i) have sufficient business experience, aptitude, assets and financial resources to operate the Store;
- (ii) are individuals of good character and otherwise meet Franchisor's then-applicable Standards for Store developers, including without limitation: (A) the proposed transferee must satisfy Franchisor's minimum net worth, liquid asset, equity/debt ratio and credit score requirements; (B) the proposed transferee must submit a complete and accurate franchise application and payment of all applicable fees; (C) the proposed transferee must complete and pass all background checks; (D) there must not be any felony convictions or other crimes of proposed transferee that may adversely affects the Marks, the System or the Franchisor, and there must not be a pleading of no contest to any other of these by the proposed transferee; (E) there have been no previous claims by the proposed transferee against another franchisor or affiliate; (F) the operation or ownership of the Store or proposed transferee's entity will not violate any contracts with any third party; and (G) the proposed transferee must not have a pattern or practice of litigiousness;

- (iii) are not engaged and will not engage in the operation or ownership of a Competitive Business, and will engage only in the operation of the Store; and
- (iv) will cooperate with reasonable due diligence requests made by Franchisor promptly thereafter and if additional time is reasonably needed, then prior to the proposed effective date of the Transfer. Franchisor may expand upon, and provide more details related to, the conditions for transfer and Franchisor's consent as described in this Section 11(c), and may do so in the Manuals or otherwise in writing. Franchisor may, but is not obligated to, provide additional details regarding the transfer conditions and Franchisor's consent to Developer.

Each of the undersigned hereby acknowledges having read and understood this Addendum and consents to be bound by all of its terms.

DEVELOPER:

[_____]

FRANCHISOR:

Cowboy Chicken Franchising, LP

Printed Name: _____
Title: _____

Printed Name: _____
Title: _____

ADDENDUM TO THE AREA DEVELOPMENT AGREEMENT
PURSUANT TO THE ILLINOIS FRANCHISE DISCLOSURE ACT

This Addendum to the Area Development Agreement between Cowboy Chicken Franchising LP ("Franchisor") and _____ ("Developer") is dated _____. Capitalized terms not defined in this Addendum have the meanings given in the Area Development Agreement. Notwithstanding anything which may be contained in the Area Development Agreement to the contrary, the Area Development Agreement is amended to include the following:

1. Section 6(a) of the Area Development Agreement will be supplemented by the addition of the following statement applicable to developers in Illinois: "Based on Franchisor's financial condition, the Illinois Attorney General's Office has imposed a fee deferral requirement. Accordingly, Developer will not be required to pay the initial Development Fee, Initial Franchise Fee, construction-related fees and grand opening marketing fees due to Franchisor and/or its affiliates under the Area Development Agreement or first Franchise Agreement, until Franchisor has completed all its pre-opening obligations to Developer under the Area Development Agreement or first Franchise Agreement and Franchisee begins operating its first franchised Store."
2. Section 12 of the Area Development Agreement, under the heading "Default and Termination," will be supplemented by the addition of the following sentence: "The conditions under which this franchise can be terminated and the parties' rights upon nonrenewal may be affected by Illinois Law, 815 ILCS 705/19 and 705/20."
3. Section 15(b) of the Area Development Agreement will be supplemented by the addition of the following sentence: "Notwithstanding the foregoing, any claims Developer may have under the Illinois Franchise Disclosure Act will be governed by Illinois law".
4. Section 15(d) of the Area Development Agreement will be supplemented by the addition of the following sentence: "Notwithstanding the foregoing, any provision of this Section 15(d) that designates jurisdiction or venue in a forum outside the State of Illinois is void, provided that the Agreement may provide for arbitration in a forum outside of the State of Illinois as set forth in Section 15(c)(4)."
5. The following sentence is added to the end of the Area Development Agreement: "Section 41 of the Illinois Franchise Disclosure Act states that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of the Act or any other law of the State of Illinois is void."
6. Except as amended in this Addendum, the Area Development Agreement will be construed and enforced in accordance with its terms.

Each of the undersigned hereby acknowledges having read and understood this Addendum and consents to be bound by all of its terms.

DEVELOPER:

[_____]

FRANCHISOR:

Cowboy Chicken Franchising, LP

Printed Name: _____

Title: _____

Printed Name: _____

Title: _____

ADDENDUM TO THE AREA DEVELOPMENT AGREEMENT
PURSUANT TO THE MARYLAND FRANCHISE DISCLOSURE ACT

This Addendum to the Area Development Agreement between Cowboy Chicken Franchising LP ("Franchisor") and _____ ("Developer") is dated _____. Capitalized terms not defined in this Addendum have the meanings given in the Area Development Agreement. Notwithstanding anything which may be contained in the Area Development Agreement to the contrary, the Area Development Agreement is amended to include the following:

1. The provisions of this Addendum form an integral part of and are incorporated into the Area Development Agreement. This Addendum is being executed because (a) the offer or sale of the franchise to Developer was made in the State of Maryland; (b) Developer is a resident of the State of Maryland; and/or (c) the Stores will be located in the State of Maryland.
2. Sections 3(b), 5(d) and 11(c) of the Area Development Agreement will be supplemented by the addition of the following sentence: "However, any release required as a condition of renewal, sale and/or assignment/transfer will not apply to any claims or liability arising under the Maryland Franchise Registration and Disclosure Law."
3. Section 6(a) of the Area Development Agreement will be supplemented by the addition of the following statement applicable to Developers in Maryland: "Based upon the Franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Accordingly, Developer will not be required to pay the initial Development Fee, Initial Franchise Fee, construction-related fees and grand opening marketing fees due to Franchisor and/or its affiliates under the Area Development Agreement or first Franchise Agreement, until Franchisor has completed all its pre-opening obligations to Developer under the Area Development Agreement or first Franchise Agreement and Franchisee begins operating its first franchised Store."
4. Section 12(c) of the Area Development Agreement will be supplemented by the addition of the following sentence: "This Section 12(c) may not be enforceable under federal bankruptcy law (11 U.S.C. §§ 101 et seq.)."
5. Section 15(d) of the Area Development Agreement will be supplemented by the addition of the following sentence: "Developer may bring an action in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law."
6. Section 15(e) of the Area Development Agreement will be supplemented by the addition of the following sentence: "Developer must bring any claims arising under the Maryland Franchise Registration and Disclosure Law within three years after Franchisor grants Developer the franchise."
7. The following is added as a new Section 17(l) of the Development Agreement: "All representations requiring Developer to assent to a release, estoppel or waiver of liability 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."

8. Except as amended in this Addendum, the Area Development Agreement will be construed and enforced in accordance with its terms.

Each of the undersigned hereby acknowledges having read and understood this Addendum and consents to be bound by all of its terms.

DEVELOPER:

[_____]

Printed Name: _____
Title: _____

FRANCHISOR:

Cowboy Chicken Franchising, LP

Printed Name: _____
Title: _____

**ADDENDUM TO THE AREA DEVELOPMENT AGREEMENT PURSUANT TO THE
NORTH DAKOTA FRANCHISE INVESTMENT LAW**

This Addendum to the Area Development Agreement between Cowboy Chicken Franchising, LP ("Franchisor") and _____ ("Developer") is dated _____. Capitalized terms not defined in this Addendum have the meanings given in the Area Development Agreement. Notwithstanding anything which may be contained in the Area Development Agreement to the contrary, the Development Agreement is amended to include the following:

1. The provisions of this Addendum form an integral part of and are incorporated into the Area Development Agreement. This Addendum is being executed because (a) Developer is a resident of the State of North Dakota and the Territory that Developer will operate under the Area Development Agreement will be located in North Dakota; and/or (b) any of the offering or sales activity relating to the Area Development Agreement occurred in North Dakota.

2. Sections 3(b) and 11(c) of the Area Development Agreement will be supplemented by the addition of the following sentence: "Any release required as a condition of renewal, sale and/or assignment/transfer will not apply to the extent prohibited by the North Dakota Franchise Investment Law."

3. Covenants not to compete such as those mentioned in Section 8(a) of the Area Development Agreement may be unenforceable in the State of North Dakota except in certain circumstances provided by law."

4. Section 13(a) of the Area Development Agreement will be supplemented by the addition of the following sentence: "Any provision requiring Developer to pay liquidated damages may not be enforceable."

5. Sections 15(c) and 15(d) of the Area Development Agreement will be supplemented by the addition of the following sentence: "Notwithstanding anything contained in this Section to the contrary, to the extent required by North Dakota Franchise Investment Law, any provision requiring Developer to consent to the jurisdiction of courts outside North Dakota or to consent to the application of laws of a state other than North Dakota is void."

6. Sections 15(f), 15(i) and 15(j) of the Area Development Agreement will be supplemented by the addition of the following sentence: "Pursuant to North Dakota Franchise Investment Law, any provision requiring Developer to waive its right to jury trial, exemplary or punitive damages or class actions may not be enforceable."

7. Section 15(e) of the Area Development Agreement will be supplemented by the addition of the following sentence: "Notwithstanding anything contained in this Section 15(e) to the contrary, the statute of limitations under North Dakota Law applies with respect to claims arising under the North Dakota Franchise Investment Law."

8. Except as amended in this Addendum, the Area Development Agreement will be construed and enforced in accordance with its terms.

Each of the undersigned hereby acknowledges having read and understood this Addendum and consents to be bound by all of its terms.

DEVELOPER:

[_____]

FRANCHISOR:

Cowboy Chicken Franchising, LP

Printed Name: _____

Title: _____

Printed Name: _____

Title: _____

EXHIBIT C
FRANCHISE AGREEMENT



COWBOY CHICKEN FRANCHISING, LP



SUMMARY PAGES

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

Effective Date: _____

Store No.: _____

Opening Deadline: _____

Operating Principal: _____

Initial Franchise Fee: \$35,000

Royalty Fee: 5% of Gross Sales

Brand Fund Contribution: 2% of Gross Sales

Local Marketing Expenditure: 1% of Gross Sales

Grand Opening Amount: \$25,000

Successor Fee: 50% of Then-Current Initial Franchise Fee

Transfer Fee: 50% of Then-Current Initial Franchise Fee

Intranet Fee: \$50

Franchisee: [_____] , a [_____]
Address for Notices: [_____]
Attention: [_____]
Email: [_____]

Franchisor: Cowboy Chicken Franchising, LP
Address for Notices: 3450 E. Hebron Parkway
Carrollton, TX 75010
Attention: D. Sean Kennedy
Email: Sean@cowboychicken.com

With a copy to: DLA Piper (US)
1900 North Pearl Street, Suite 2200
Dallas, TX 75201
Attention: Sarah A. Walters
Email: sarah.walters@dlapiper.com

1.	DEFINITIONS.....	1
2.	GRANT OF FRANCHISE.....	8
	(a) Grant.....	8
	(b) Premises.....	8
	(c) Relocation.....	8
	(d) Designated Area.....	8
	(e) Reserved Rights.....	9
	(f) Catering and Delivery.....	9
3.	TERM OF FRANCHISE.....	9
	(a) Initial Term.....	9
	(b) Successor Term.....	10
4.	FEES.....	10
	(a) Initial Franchise Fee.....	10
	(b) Royalty Fee.....	11
	(c) Brand Fund Contribution.....	11
	(d) Other Fees.....	11
	(e) Remittances.....	11
	(f) Reports.....	11
	(g) Electronic Transfer of Funds.....	11
	(h) Interest and Fees on Late Payments.....	11
	(i) Application of Payments.....	11
	(j) Currency.....	12
	(k) Taxes.....	12
5.	STORE DEVELOPMENT PROCEDURES.....	12
	(a) Site Selection.....	12
	(b) Site Acceptance.....	12
	(c) Occupancy of Premises.....	13
	(d) Failure to Acquire Premises.....	13
	(e) Store Development.....	13
	(f) Commence Business.....	15
6.	TRAINING.....	15
	(a) Initial Training Program.....	15
	(b) Opening Assistance.....	15
	(c) Additional Training.....	15
	(d) Meetings and Conferences.....	16
7.	STORE AND PROCUREMENT STANDARDS.....	16
	(a) Standards.....	16
	(b) Maintenance.....	16
	(c) Improvements.....	16

	(d) Designated Supplier	16
	(e) Operating Assets	17
	(f) Alternate Suppliers	17
	(g) Group or Cooperative Buying	17
8.	TECHNOLOGY SYSTEM AND POS SYSTEM.	17
	(a) Technology System	17
	(b) POS System	18
	(c) Proprietary Software	18
	(d) Intranet	18
	(e) Systems Access	19
9.	COUPONS, GIFT CARDS, AND LOYALTY PROGRAMS.	19
10.	MARKETING.	19
	(a) Brand Fund	19
	(b) Accounting	20
	(c) Proportionality	20
	(d) Local Marketing Expenditures	20
	(e) Special Promotions	21
	(f) Grand Opening	21
	(g) Public Announcements	22
	(h) Positioning	22
	(i) Advertising Price Policies	22
	(j) Truthful Advertising, Marketing, and Promotion	22
	(k) Advertising Cooperatives	23
11.	STORE OPERATIONS.	23
	(a) Manuals	23
	(b) Compliance with Applicable Law; Operating Permits	23
	(c) Credit Card and Other Methods of Payment	23
	(d) Privacy Laws	24
	(e) Customer Data	24
	(f) Trade Accounts	24
	(g) Proprietary Products	24
	(h) Uniforms and Employee Appearance	25
	(i) Approved Products; Menus	25
	(j) System Changes	25
	(k) Off-Site Sales	26
	(l) Customer Satisfaction and Surveys	26
	(m) Alcoholic Beverages	26
12.	REPRESENTATIONS, WARRANTIES, AND COVENANTS.	26
	(a) Business Entity Franchisee	26
	(b) Insider Trading	27
	(c) Ideas and Concepts	27
	(d) Gratuities; Gifts; Conduct and Employment Matters	27

13.	MANAGEMENT AND PERSONNEL	28
	(a) Operating Principal	28
	(b) Store Manager	28
	(c) Other Personnel	28
14.	RECORDS, AUDITS, AND INSPECTIONS.	29
	(a) Accounting and Records	29
	(b) Inspections and Audits	29
	(c) Financial Reports	29
15.	INSURANCE.....	30
	(a) Minimum Requirements.....	30
	(b) Proof of Insurance	30
	(c) Franchisor-Placed Insurance	30
	(d) Franchisee Acknowledgment as to Minimum Insurance Requirements	30
16.	PROTECTION OF MARKS AND RELATED INTELLECTUAL PROPERTY.....	30
	(a) Goodwill in Marks and Intellectual Property	30
	(b) Limitations on Franchisee's Use of Marks	30
	(c) Intellectual Property Rights.....	31
	(d) Notification of Infringements and Claims	31
	(e) Discontinuance of Use of Marks or Intellectual Property	32
17.	ANTI-CORRUPTION, ANTI-BOYCOTT, AND ANTI-TERRORISM LAWS.	32
18.	TRANSFERABILITY OF INTEREST.....	32
	(a) Transfer by Franchisor	32
	(b) Transfer by Franchisee	33
	(c) Conditions for Approval of Transfer	33
	(d) Effect of Franchisor's Consent	34
	(e) Transfer Upon Death or Permanent Disability.....	34
	(f) Franchisor's Right of First Refusal.....	34
	(g) Securities.....	35
19.	RESTRICTIVE COVENANTS.....	35
	(a) Non-Compete.....	35
	(b) Non-Disclosure of Confidential Information	36
	(c) Ownership.....	36
	(d) Interference with Employees	37
	(e) Severability and Enforceability of Covenants.....	37
20.	DEFAULT AND TERMINATION.	37
	(a) Events of Default.....	37
	(b) Event of Default Fee	39

21.	EFFECT OF TERMINATION, EXPIRATION, OR NONRENEWAL.....	40
	(a) Payment of Amounts Owed.....	40
	(b) Marks.....	40
	(c) System and Manuals.....	40
	(d) Disassociation in Communication Methods.....	40
	(e) Other De-Identification Obligations	41
	(f) Restrictive Covenants and Continuing Obligations.....	41
22.	FRANCHISOR'S OPTION TO PURCHASE OPERATING ASSETS.....	41
23.	INDEMNIFICATION.	41
24.	INDEPENDENT CONTRACTORS.	42
	(a) Independent Contractors	42
	(b) No Liability for Acts of Other Party	43
25.	FORCE MAJEURE AND CRISIS MANAGEMENT EVENTS.....	43
	(a) Force Majeure.....	43
	(b) Crisis Management Events.....	43
26.	GOVERNING LAW; DISPUTE RESOLUTION.....	43
	(a) Non-Binding Mediation.....	43
	(b) Governing Law.....	44
	(c) Binding Arbitration	44
	(d) Consent to Jurisdiction and Venue	46
	(e) Limitations of Claims	46
	(f) Limitation on Damages	46
	(g) Rights of Parties are Cumulative.....	46
	(h) Costs and Legal Fees.....	47
	(i) WAIVER OF JURY TRIAL.....	47
	(j) Material Inducement for Franchisor	47
27.	NOTICES.	47
28.	MISCELLANEOUS.	47
	(a) Severability; Substitution of Valid Provisions	47
	(b) Effect of Delay; Waiver, Omission or Forbearance.....	48
	(c) Binding Effect.....	48
	(d) Disclaimer of Warranties	48
	(e) Receipt of Disclosure.....	48
	(f) Entire Agreement.....	48
	(g) Construction	48
	(h) Headings	48
	(i) Multiple Copies.....	48

EXHIBITS:

- A Organization and Ownership Information
- B Guaranty and Undertaking of Principal's Obligations
- C Confidentiality Agreement
- D Operating Principal's Confidentiality and Non-Compete Agreement
- E Electronic Funds Transfer Authorization Form
- F Addendum to Lease
- G Designated Area and Premises
- H Purchase Terms and Conditions
- I Insurance Requirements

COWBOY CHICKEN FRANCHISING, LP

FRANCHISE AGREEMENT

This Agreement is made as of the Effective Date between Franchisor and Franchisee.

RECITALS:

WHEREAS, Franchisor has expended significant effort, money and time to develop the System, all of which may be periodically changed or modified, at Franchisor's sole option, for establishing and operating Cowboy Chicken stores that offer the Products and utilize the System and Marks.

WHEREAS, Franchisor developed and will continue to develop valuable goodwill in the Marks and may periodically develop or acquire other trademarks and service marks for use under the System, all of which may be changed or modified at Franchisor's sole option.

WHEREAS, Franchisee desires to develop and operate a Cowboy Chicken Store (below defined as "Store") at the Premises pursuant to the terms of this Agreement.

NOW, THEREFORE, in consideration of Franchisor granting to Franchisee the right to develop and operate a Store subject to and in accordance with the terms hereof, the mutual obligations provided for in this Agreement and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. DEFINITIONS.

Certain initially capitalized terms used frequently in this Agreement are defined in this Section 1. Other terms are defined elsewhere in this Agreement in the context in which they arise.

(a) "ADA" means the Americans with Disabilities Act.

(b) "Affiliate" means, with respect to a named Person, any Person that is controlled by,

controlling or under common control with the named Person.

(c) "Agreement" means this Cowboy Chicken Franchise Agreement between Franchisor and Franchisee.

(d) "Applicable Law" means any federal, state, and local laws, ordinances, and codes, together with all rules, regulations, policies, and guidelines related thereto, applicable to the subject matter of this Agreement, including the development, construction and/or operation of the Store pursuant to the terms hereof, including, without limitation, all laws and regulations related to health and food safety (e.g. Food Safety Modernization Act), menu labeling, sale and service of liquor, beer and wine; labor, consumer privacy and data security, and those governing public accommodations for persons with disabilities.

(e) "Brand" means the Cowboy Chicken brand.

(f) "Brand Fund" means the national, regional, or local marketing fund established for the promotion of the Brand.

(g) "Brand Fund Contribution" means the continuing weekly contribution to the Brand Fund Franchisee must pay to Franchisor as set forth in Section 4 and in the amount set forth in the Summary Page.

(h) "Brand Property" means any interior and exterior signage, décor and art using the Marks and any furniture, equipment, smallwares or materials designated by Franchisor as "Brand Property," including without limitation the rotisserie ovens used in the operation of Cowboy Chicken stores.

(i) **"Business Day"** means any calendar day other than Saturdays, Sundays, and national holidays in the United States.

(j) **"Competitive Business"** means any fast casual and casual dining restaurant that, as determined by Franchisor, is the same as or substantially similar to the Stores, including, without limitation, any food service establishment or chain of food service establishments that offers rotisserie chicken as a primary menu item, accounting for 25% or more of its entree menu. A Competitive Business does not include: (i) other businesses that are licensed by Franchisor or any of its Affiliates; or (ii) Franchisee's Existing Brands.

(k) **"Confidential Information"** means any and all information, knowledge, know-how, trade secrets, trade dress, methodologies, techniques, procedures, applications and materials, in whatever form, used in or related to the System which Franchisor provides to Franchisee, or which Franchisee or its Affiliates or employees develop or have access to, in connection with this Agreement or the operation of a Store hereunder, including, without limitation, the Standards; the Manuals; any ingredients, formulae and recipes applicable to menu items; Franchisor's or its Affiliate's product sourcing, pricing, manufacturing, inventory management and control, supply and distribution; technology, point of sale and related computer software; advertising, marketing and promotional programs including gift card, loyalty and customer reward programs; customer data; financial data and statements; training and operational methodology, content (including without limitation inventory and financial controls) and management programs; and any other information or data regarding the business of Franchisor or any of its Affiliates that would reasonably be considered the proprietary or confidential information of Franchisor or its Affiliates.

(l) **"Consequential Damages"** means damages and injury that result from a Party's negligent performance of or other breach of this Agreement for: (a) lost profits; or (b) compensation for damages to reputation and

goodwill including costs of or resulting from delays, financing, marketing materials and media time and space, and costs of changing, substituting or replacing the same.

(m) **"Control"** or **"Controlling Interest"** means the power, directly or indirectly, to direct or cause the direction of the management and policies of an Entity, whether by contract or otherwise.

(n) **"Crisis Management Event"** means an event that Franchisor determines may materially affect the Marks and goodwill associated therewith.

(o) **"Customer Data"** means any information from, about, or relating to customers of the Store that identifies, or can be used to identify, contact, locate or be traced back to the specific Person to whom such information pertains, or from which identification or contact information of a Person can be derived. Customer Data includes any personally identifiable information, such as a Person's name, address, phone number, fax number, email address, passport number, financial profile, credit card information or any other information by which one is reasonably able to personally identify one or more Persons.

(p) **"Cybersecurity Incident"** means any event or occurrence that results in unauthorized access to or adversely affects the availability or integrity of Confidential Information, which event or occurrence could not have been prevented by reasonable administrative, physical or technical security measures.

(q) **"Designated Area"** means the geographic area referred to in Section 2(d) and described in Exhibit G.

(r) **"Designated Supplier"** means those suppliers (including without limitation distributors, manufacturers and other sources) who demonstrate, to the continuing satisfaction of Franchisor, the ability to meet Franchisor's Standards for the Products or services related to the development and operation of Cowboy

Chicken stores and who have been approved in writing by Franchisor.

(s) **"District Manager"** means an individual who meets the qualifications for a Store Manager but who is not required to own an Equity Interest in Franchisee and whom Franchisee designates and Franchisor approves to supervise the operation of the Store pursuant to this Agreement. A District Manager may supervise the operation of more than one of Franchisee's Stores.

(t) **"Effective Date"** means the effective date of this Agreement as set forth in the Summary Page.

(u) **"Entity"** means a business entity, including a corporation, limited liability company, general or limited partnership, limited liability partnership or any other type of legal entity.

(v) **"Equity Interest"** means any direct or indirect stock, unit, membership, partnership or other legal, equitable or beneficial ownership interest, or other voting rights, in an Entity, but does not include direct or indirect ownership solely as an investment of securities of any Entity traded on any securities exchange if the owner is not a Controlling Person (or a member of an Entity that Controls such Entity) and does not, directly or indirectly, own 5% or more of any class of securities of such Entity.

(w) **"Event of Default"** means any breach by Franchisee of, or any failure by Franchisee to comply with, any condition and obligation of this Agreement as described in Section 20(a).

(x) **"Event of Default Fee"** means a fee in the amount of \$500 (except where the Event of Default is related to Franchisee's breach of sections 7(d) or 11(i) with respect to purchase of unapproved products or services or purchase of Products from unapproved suppliers, in which case the Event of Default Fee will be \$1,000 for the first occurrence of such Event of Default and \$5,000 for the second occurrence of such Event

of Default. The Event of Default Fee is payable pursuant to Section 20(b).

(y) **"Existing Brands"** means the stores operated under a system and marks other than the System and Marks by Franchisee as of the Effective Date, as set forth in Exhibit G.

(z) **"FACTA"** means the Fair and Accurate Credit Transactions Act.

(aa) **"Force Majeure Event"** means Acts of God (such as tornadoes, earthquakes, hurricanes, floods, fire or other natural catastrophe), strikes, lockouts or other industrial disturbances; war (declared or undeclared), riot, terrorist acts, Cybersecurity Incident, or other civil disturbances; epidemics; or other forces that materially and adversely affect the ability of a Party hereto to perform provided that with respect to any or all events they are not within the reasonable control of the Party affected thereby. Financial inability of a Party hereto will not constitute a Force Majeure Event.

(bb) **"Franchisee"** means the Entity so described in the Summary Page.

(cc) **"Franchisor"** means the Entity so described in the Summary Page.

(dd) **"Franchisor Indemnitees"** means Franchisor, its Affiliates and their respective principals, employees, agents, successors and assignees.

(ee) **"Grand Opening"** means the advertising and promotional campaign and events that are designed to occur before and shortly after the Store opens to the public.

(ff) **"Grand Opening Amount"** means the minimum amount set forth in the Summary Page that Franchisee will spend in connection with the Grand Opening of the Store.

(gg) **"Gross Sales"** means the total selling price of all services and Products and all income of every other kind and nature related to the Store, whether for cash, cash equivalents, or credit, and regardless of collection in the case of

credit. Proceeds from the sale of coupons, gift cards, gift certificates or vouchers will not be included in Gross Sales when the coupons, gift cards, gift certificates or vouchers are sold; rather, the retail prices of services and products purchased with coupons, gift cards, gift certificates or vouchers will be included in Gross Sales during the Reporting Period in which the coupon, gift card, gift certificate or voucher is redeemed. Gross Sales also includes the proceeds of any business interruption insurance applicable to the Store. Gross Sales will expressly exclude the following: complimentary food and beverage service (provided that such food and beverage service does not exceed 2% of Gross Sales in any Reporting Period), meals provided to employees, tips and gratuities, sums collected and actually paid by Franchisee for any sales, beverage, or other excise tax imposed by any duly constituted government authority. In the case of Franchisor-established promotional discounts implemented by Franchisee at the Store, the amount actually paid by the guest after the discount, rather than the original amount, will be considered for purposes of calculating Gross Sales. Notwithstanding the foregoing, Gross Sales does not exclude any fees paid by Franchisee to a third party provider of services (e.g. delivery services) in connection with the operation of the Store or sale of Products or related services.

(hh) **"Ideas and Concepts"** means recipes, processes, ideas, concepts, methods, techniques, materials or customer information relating to the System and the Store(s) that Franchisee or its Affiliate creates or develops from time to time in connection with the development or operation of the Store(s).

(ii) **"Indemnified Matter"** means any action, suit, proceeding, claim, demand, investigation, or formal or informal inquiry (regardless of whether it is reduced to a judgment) or any settlement thereof, as described in Section 23.

(jj) **"Initial Franchise Fee"** means the initial fee Franchisee must pay to Franchisor upon Franchisee's execution of this Agreement

as set forth in Section 4(a) and in the amount set forth in the Summary Page.

(kk) **"Initial Term"** means the initial term of this Agreement as set forth in Section 3(a).

(ll) **"Initial Training"** means Franchisor's initial training program on the System and the operation of a Store as set forth in the Manuals.

(mm) **"Intellectual Property"** means all intellectual property or other proprietary rights throughout the world, whether existing under contract, statutes, convention, civil law, common law or any law whatsoever, now or hereafter in force or recognized, including (1) patents and rights to inventions; (2) trademarks, service marks, logos, trade dress and design rights; (3) works of authorship, including, without limitation, copyrights, source codes, moral rights, and neighboring rights; (4) trade secrets; (5) ideas and Concepts; (6) publicity and privacy rights; (7) any rights analogous to those set forth herein and any other intellectual property and proprietary rights; (8) any application or right to apply for any of the rights referred to in subsections (1) through (7) above; and (9) any and all renewals, divisions, continuations, continuations-in-part, re-issuances, reexaminations, extensions and restorations of any of the foregoing (as applicable).

(nn) **"Interest"** means the amount payable to Franchisor in connection with the late payment by Franchisee of any fee due to Franchisor or its Affiliate pursuant to this Agreement or any other agreement with Franchisor or its Affiliate, which will be 18% per annum or the maximum allowable rate under Applicable Law, whichever is less.

(oo) **"Internet"** means all modes of communications between computers and between computers and television, telephone, facsimile and similar communications devices, including the World Wide Web, proprietary online services, e-mail, news groups, social media, mobile applications, electronic bulletin boards and related communications.

(pp) **"Intranet"** means Franchisor's computer or electronic systems, including any third-party computer or electronic system to which Franchisee may be given access.

(qq) **"Intranet Fee"** means the fee in the amount set forth in the Summary Page collected by Franchisor for the license granted to Franchisee to use the Intranet during the Term and subject to the conditions set forth in the Manuals. Some or all of the Intranet Fee may be paid by Franchisor to a third party provider of such Intranet.

(rr) **"KPI Assessment"** means the monthly assessment of Franchisee's performance measured by the key performance indicators in accordance with the procedures described in the Manuals.

(ss) **"Lease"** means the document executed by Franchisee or its Affiliate with an owner or lessor of real property in connection with the granting of the right to occupy the Premises and operate a Store at or from the Premises, including the Lease Addendum. Lease includes any sublease or renewal of any lease or sublease.

(tt) **"Lease Addendum"** means the addendum to the Lease in the form attached to this Agreement as Exhibit F.

(uu) **"Local Marketing Expenditure"** means the amount Franchisee must spend on local advertising for the Store in the Designated Area in each calendar quarter as set forth in Section 10(d) and in the amount set forth in the Summary Page.

(vv) **"Losses and Expenses"** means, without limitation, all losses, compensatory, exemplary or punitive damages, arbitration costs, mediation costs, settlement amounts, judgments, court costs, fines, charges, costs, and expenses, including, without limitation, reasonable legal fees and Consequential Damages.

(ww) **"Manuals"** means Franchisor's operations and training manuals, and any other

written directives related to the System, in whatever form and provided in whatever manner, as the same may be periodically amended and revised by Franchisor at its sole option, including the Standards, all bulletins, supplements and ancillary and additional manuals and directives established by Franchisor from time to time.

(xx) **"Marks"** means the Cowboy Chicken trademarks and service marks and such other registered and unregistered trademarks, trade names, service marks, logos, slogans, emblems and other indicia of origin as are now designated, and may hereafter be designated, by Franchisor in writing for use in connection with the System.

(yy) **"Minimum Advertised Price Policy"** means the policy described in Section 10(i).

(zz) **"Notice"** means any notice, demand, request, consent, approval, and other communication in writing required or permitted to be given or which are to be given with respect to the Agreement.

(aaa) **"Offering Fee"** means a payment in the amount of the then-current initial franchise fee owed to Franchisor in connection with any offerings of debt or any Equity Interest of Franchisee or any Affiliate's or any of the Principals thereof as set forth in Section 18(g).

(bbb) **"Opening Crew"** means the employees of Franchisor that Franchisor, at its sole option, designates to send for the opening or re-opening of the Store, as applicable.

(ccc) **"Opening Date"** means the date on which the Store opens for business to the public, as set forth in Exhibit G.

(ddd) **"Opening Deadline"** means the deadline by which the Store must be open for business to the public, which will be the earlier of the Opening Date identified in Exhibit G and the first anniversary of the Effective Date (or, if this Agreement is executed in connection with an area development agreement, the expiration

of the development period for which this Agreement is executed.

(eee) **"Operating Assets"** means Brand Property, all other equipment (including without limitation computer hardware, software and audio and sound system), signs, interior and exterior décor items, fixtures, furnishings, supplies and other products and materials required for the operation of the Store, including without limitation any equipment, fixtures, furnishings, supplies and other products and materials that may be stored or used at another location in connection with the operation of the Store, whether or not such location is at the Premises, as periodically specified by Franchisor in the Manuals or otherwise in writing.

(fff) **"Operating Principal"** means a natural person who: (i) has satisfactorily completed Franchisor's Initial Training program at Franchisee's expense; (ii) will thereafter devote full time and best efforts to the operation of the Store and have the authority and responsibility for the day-to-day management and operation of the Store and supervision of the Personnel; (iii) serves as a primary point of contact on behalf of the Franchisee in communications with the Franchisor; and (iv) satisfies the business experience and management criteria required by Franchisor in the Manuals. The initial Operating Principal is identified in the Summary Page.

(ggg) **"Party"** or **"Parties"** means "either Franchisor or Franchisee individually or collectively.

(hhh) **"Person"** means any natural person or Entity.

(iii) **"Personnel"** means all Persons employed by Franchisee in connection with the management or operation of the Store.

(jjj) **"Permanently Disabled"** means being subject to any physical, emotional or mental injury, illness or incapacity that prevents Franchisee or any Principal holding a Controlling Interest in Franchisee from performing his or her obligations under this

Agreement or any other agreement related hereto for at least 90 consecutive days, and from which recovery is unlikely within 90 days from the date such individual is determined to be Permanently Disabled. If the Parties hereto disagree as to whether a Person is "Permanently Disabled", the determination will be made by a licensed practicing physician, selected by Franchisor, upon examination of the Person, or, if the Person refuses to submit to an examination, then for purposes of Section 18(e), the Person will automatically be considered Permanently Disabled as of the date of refusal.

(kkk) **"PCI DSS"** means Payment Card Industry Data Security Standards.

(lll) **"POS System"** means the computerized point of sale cash collection system (including all related hardware and software) as specified in the Manuals or otherwise by Franchisor in writing for use in connection with the Store.

(mmm) **"Premises"** means the site approved by Franchisor for Franchisee's Store as set forth in Exhibit G to this Agreement and referred to in Section 2(b).

(nnn) **"Principal"** means, collectively or individually, the Persons holding a direct or indirect Equity Interest in Franchisee or in any Affiliate of Franchisee as designated by Franchisor and Franchisee's officers and directors. If this Agreement is executed pursuant to an area development agreement with Franchisor, all references to Principal in this Agreement will apply to Developer under such area development agreement.

(ooo) **"Products"** means all food (including ingredients) and beverages used or made available for consumption at or from the Stores, as specified from time to time by Franchisor in the Manuals, or otherwise in writing. Products include the Proprietary Products.

(ppp) **"Proprietary Products"** means all proprietary Spice Blends, Sauces, food, beverages, clothing and memorabilia used or

made available for consumption at or from the Stores bearing any of the Marks or designated as proprietary by Franchisor or any Affiliate.

(qqq) **"Proprietary Software"** means certain computer software that is owned or licensed by Franchisor used in the operation of the POS System and/or Technology System.

(rrr) **"Reporting Period"** means each calendar month of the Store's operation, with the first Reporting Period being prorated from the Opening Date to the end of the same month.

(sss) **"Reserved Area"** means locations that provide services other than those offered by the Store including airports, universities, military bases, office buildings, stadiums and other mass gathering locations or events.

(ttt) **"Royalty Fee"** means the continuing weekly royalty fee Franchisee must pay to Franchisor as set forth in Section 4(b). The amount of the Royalty Fee for the Initial Term is set forth in the Summary Page.

(uuu) **"Sauces"** means the proprietary sauces developed by Franchisor or on its behalf for use in Cowboy Chicken stores and/or for distribution by Franchisor and its Affiliates as set forth in this Agreement.

(vvv) **"Site Application"** means the documents and information that Franchisee must submit to Franchisor prior to Franchisor's evaluation of a proposed site, including without limitation, demographic data, photographs, maps, artists' renderings, site plans, and/or a copy of the Lease and documentation indicating Franchisee's prospects for acquiring a possessory interest in the Premises.

(www) **"Social Media"** means personal blogs, common social networks like Facebook, Pinterest, FourSquare and Instagram, professional networks like LinkedIn, live blogging tools like Twitter, virtual worlds, file, audio and video-sharing sites and other similar social networking or media sites or tools.

(xxx) **"Spice Blends"** means Franchisor's proprietary blend of spices that are included in the recipe of certain Cowboy Chicken menu items.

(yyy) **"Standards"** means the standards, requirements, specifications, techniques, methods, policies, and procedures of the System and Brand and for the development and operation of Cowboy Chicken stores, as set forth in the Manuals or otherwise specified by Franchisor in writing and as may be amended by Franchisor from time to time.

(zzz) **"Store"** means the Cowboy Chicken store operating under the Marks and System pursuant to this Agreement.

(aaa) **"Store Manager"** means a natural person who has satisfactorily completed Franchisor's Initial Training program, will thereafter devote full time and best efforts to the operation of the Store, and has the authority and responsibility for the day-to-day management and operation of the Store and supervision of Personnel.

(bbb) **"Successor Fee"** means the successor fee Franchisee must pay to Franchisor as set forth in Section 3(b)(5) in the amount set forth in the Summary Page.

(ccc) **"Successor Term"** means the 10-year period commencing after the expiration of the Initial Term as set forth in Section 3(b).

(ddd) **"Summary Page"** means the Summary Page of this Agreement that directly precedes the Table of Contents of this Agreement.

(eee) **"System"** means the business system for establishing and operating the Stores, the distinguishing characteristics of which include, without limitation, distinctive exterior and interior design, decor, color scheme, furnishings and equipment; special ingredients, recipes and menu items; the Standards; quality and uniformity of products and services offered; procedures for product sourcing, inventory, management, logistics, pricing; training and

assistance; and marketing, advertising and promotional programs; all of which may be changed, improved and further developed by Franchisor from time to time.

(ffff) "**Technology System**" means and includes, without limitation, (i) POS System, computer system, software (including Proprietary Software), data, telephone, voice messaging, retrieval and transmission system; (ii) customer relationship management systems; (iii) printers and other peripheral devices; (iv) archival back-up systems; (v) Internet access mode (e.g. form of telecommunications connection) and speed; and (vi) front of the house Wi-Fi and other Internet services for customers.

(gggg) "**Term**" means the term of this Agreement, including the Initial Term and any Successor Term.

(hhhh) "**Trade Dress**" means the unique, distinctive, and non-functional overall appearance and image of the Store in the marketplace, and includes the Standards.

(iiii) "**Transfer**" means and includes any voluntary, involuntary, direct or indirect assignment, transfer, sale, conveyance, disposition, gift, encumbrance, pledge, hypothecation, or mortgage by Franchisee or any of its Principals of all or any part of its rights, interests or obligations in this Agreement, Franchisee, the Store (including the Premises), the Operating Assets or any Equity Interest, directly or indirectly, in Franchisee to any Person or any other transaction that would, alone or together with other previous, simultaneous or proposed Transfer, have the effect of transferring Control, this Agreement, or substantially all of the assets of the business operated pursuant to this Agreement. Any transfer of an Equity Interest in Franchisee or the ownership, possession, or Control of the Store may be made only in conjunction with a Transfer of this Agreement.

(jjjj) "**Transfer Fee**" means the transfer fee Franchisee or the transferee must pay to

Franchisor as set forth in Section 18 in the amount set forth in the Summary Page.

2. GRANT OF FRANCHISE.

(a) **Grant.** Subject to the reserved rights described in Section 2(e), Franchisor grants to Franchisee, upon the terms and conditions in this Agreement, the right and license, and Franchisee hereby accepts the right and obligation, to operate a Store in accordance with this Agreement, the Standards and Manuals at the Premises within the Designated Area.

(b) **Premises.** This Agreement does not grant to Franchisee the right or license to operate the Store or to offer or sell any Products at or from any location other than the Premises.

(c) **Relocation.** Franchisee will not relocate the Store without the express prior written consent of Franchisor. If Franchisee is unable to continue the operation of the Store at the Premises because of the occurrence of a Force Majeure Event, then Franchisee may request approval of Franchisor to relocate the Store to another location in the Designated Area. Any other request to relocate the Store will also be subject to the same procedures. If Franchisor elects to grant Franchisee the right to relocate the Store, then Franchisee will comply with Franchisor's then-current site selection and construction procedures.

(d) **Designated Area.** Franchisee must operate the Store at the Premises within the Designated Area. Upon Franchisor's approval of the Premises and the Parties' execution of Exhibit G identifying the location of the Premises, Franchisee's Designated Area will be described in Exhibit G and deemed incorporated herein. Except as otherwise provided in this Agreement, and subject to Franchisee's full compliance with this Agreement and any other agreement between Franchisee or any of its Affiliates and Franchisor or any of its Affiliates, neither Franchisor nor any Affiliate will operate, or authorize any Person other than Franchisee to operate a Cowboy Chicken store in the Designated Area during the Term. Notwithstanding the foregoing, this Section 2(d)

will not apply to any Cowboy Chicken store operating or in development by any Person within the Designated Area as of the Effective Date.

(e) **Reserved Rights.** Franchisor retains all rights inside and outside the Designated Area except those that are expressly granted to Franchisee in this Agreement. Without limiting Franchisor's and its Affiliate's rights described in this Section 2(e), Franchisor and its Affiliates and any other authorized Person may, among other things:

(1) Advertise and promote the System within and outside the Designated Area;

(2) Operate, and license others to operate, Cowboy Chicken stores at any location outside the Designated Area, including locations that are adjacent to the Designated Area;

(3) Except for the restriction against the establishment of another Store in the Designated Area, to offer and sell, and authorize others to offer and sell, approved collateral products and services, including those offered and sold at the Store (such as Spice Blends, Sauces, frozen or fresh Cowboy Chicken branded chicken products and other pre-packaged food products, clothing, merchandise and other items), under the Marks or other marks at or from any location or through any channel of distribution (including, but not limited to, grocery stores, club stores, convenience stores, wholesale, hospitals, health care facilities, airports, stadiums, business or industry locations (e.g. manufacturing site, office building), military installations, military commissaries, universities, schools, the Internet (or any other existing or future form of electronic commerce), other retail or store locations and other food service facilities such as kiosks, concessions, food trucks or multi-brand facilities providing a limited number or representative sample of the products and services normally offered by a Cowboy Chicken store;

(4) Establish and operate, and license others to establish and operate, any business other than a Cowboy Chicken store,

including other stores or food-related businesses, under the Marks or under other marks;

(5) Establish and operate and license others to establish and operate any stores or other businesses that Franchisor or its Affiliates may operate as a result of any acquisition, consolidation or merger involving Franchisor or its Affiliate; and

(6) Establish and operate, and license others to operate, Cowboy Chicken stores and other food service facilities in any Reserved Area whether or not located within the Designated Area.

(f) **Catering and Delivery.** Franchisee must engage in catering and delivery services as set forth in the Manuals within the Designated Area. Franchisor may, at its option, consent to Franchisee in writing the right to engage in catering and delivery services outside the Designated Area in geographic regions or markets in which there is no Cowboy Chicken franchisee operating, provided that Franchisor may withdraw its consent at any time if Franchisee fails to comply with the terms and conditions of this Agreement or any other agreement between Franchisor or its Affiliate and Franchisee or its Affiliate or if Franchisor sells a franchise to another franchisee to operate within such geographic region or market. Franchisor and its Affiliates will not engage in catering and delivery services in the Designated Area; however, Franchisor has no obligation to enforce similar restrictions against any other franchisee or any third party provider of delivery services. Each catering and delivery vehicle must display the vehicle wrap or vehicle decals as set forth in the Manuals when performing catering services.

3. **TERM OF FRANCHISE.**

(a) **Initial Term.** The Initial Term will commence on the Effective Date of this Agreement and expire ten years thereafter, unless this Agreement is terminated as provided in Section 20.

(b) **Successor Term.** Franchisee may, at its option, continue to operate the Store under this Agreement for a single, consecutive Successor Term, subject to any or all of the following conditions which must, at Franchisor's sole option, be met prior to and at the time of such Successor Term.

(1) **Franchisee's Notice.** Franchisee must give Franchisor Notice of its election to continue to operate the Store for a Successor Term no later than six months before the expiration of the Initial Term.

(2) **Good Standing.** Franchisee must not be in default, nor previously have been in default, of any provision of this Agreement or any other agreement between Franchisee or any of its Affiliates and Franchisor and any of its Affiliates, and Franchisee must have substantially and timely complied with all of the terms and conditions of such agreements during the terms thereof.

(3) **Premises.** Franchisee must present satisfactory evidence that Franchisee has the right to remain in possession of the Premises for the duration of the Successor Term.

(4) **Maintenance.** Franchisee must repair, replace, or procure, at Franchisee's sole cost and expense, the Operating Assets, supplies, and other products and materials required for the operation of the Store as Franchisor may require, including, without limitation, new or additional items which may be reasonably required by Franchisor for Franchisee to offer and sell new menu items from the Store or to provide the Store's services by alternative means such as through carry-out, catering, or delivery arrangements, and to otherwise modernize the Store to reflect the then-current Standards and image of the System as contained in the Manuals or otherwise provided in writing by Franchisor.

(5) **New Agreement and Successor Fee.** Franchisee must execute Franchisor's then-current form of franchise agreement, which agreement will supersede this Franchise Agreement in all respects, and the terms of

which may differ from the terms of this Franchise Agreement, including, without limitation, a higher percentage Royalty Fee, a higher Brand Fund Contribution or Local Marketing Expenditure requirement, or a more restrictive Designated Area; provided that Franchisee must pay to Franchisor, in lieu of an Initial Franchise Fee, a Successor Fee, plus all amounts necessary to reimburse Franchisor for its reasonable out-of-pocket costs and expenses associated with renewing the franchise.

(6) **Training.** Franchisee must comply with Franchisor's then-current qualification and training requirements.

(7) **Release.** Franchisee and each Principal must execute a general release, in a form satisfactory to Franchisor, of any and all claims against Franchisor and its Affiliates, successors and assigns, their respective officers, directors, shareholders, partners, members, agents, representatives, independent contractors, servants and employees, in their corporate and individual capacities, including, without limitation, claims arising under this Agreement and federal, state and local laws, rules and regulations.

4. FEES.

Franchisee must pay the fees described below and comply with the following provisions:

(a) **Initial Franchise Fee.** Franchisee must pay to Franchisor a non-refundable Initial Franchise Fee in the amount set forth in the Summary Page, which will be due upon Franchisee's execution of this Agreement. The Initial Franchise Fee is non-refundable and fully earned by Franchisor upon the execution of this Agreement. If Franchisee executes this Agreement pursuant to an area development agreement between Franchisor and Franchisee or its Affiliate (as developer), a portion of the development fee paid to Franchisor in connection with the execution of such area development agreement will be applied in full satisfaction (for the first Store) or to satisfy

\$20,000 (for each additional Store) of the Initial Franchise Fee.

(b) **Royalty Fee.** Franchisee must pay to Franchisor a non-refundable Royalty Fee. The Royalty Fee for the Initial Term is set forth in the Summary Page. The Royalty Fee paid by Franchisee during the Successor Term, if applicable, will be as set forth in the franchise agreement executed by Franchisee pursuant to Section 3(c)(4).

(c) **Brand Fund Contribution.** Franchisee must pay to Franchisor a non-refundable Brand Fund Contribution as a contribution to the Brand Fund.

(d) **Other Fees.** Franchisee must pay such other fees or amounts described in this Agreement.

(e) **Remittances.** The Royalty Fee, Brand Fund Contribution and any other periodic fees required by this Agreement will be due and payable each week based on the Gross Sales for the preceding week (Monday - Sunday) and must be paid so that they are received by Franchisor on or before the Wednesday following the end of each week, provided that such day is a Business Day. If the date on which such payments would otherwise be due is not a Business Day, then payment will be due on the next Business Day.

(f) **Reports.** Franchisee must submit the Gross Sales daily via Franchisor's Intranet system or through other electronic data interfaces that Franchisor may require from time to time. Franchisee must verify the accuracy of the Gross Sales figure by Wednesday at midnight (Central Time) of each calendar week for the preceding calendar week (Monday - Sunday). In addition to the reports Franchisee is required to provide pursuant to Section 14(c), Franchisee must submit to Franchisor all reports described in the Manuals with respect to the operation of the Store during the preceding Reporting Period by the tenth day of the following Reporting Period (or such other date specified by Franchisor) and in the form and content as Franchisor periodically prescribes.

(g) **Electronic Transfer of Funds.** Upon execution of this Agreement and at any time thereafter as Franchisor may require, Franchisee must sign the electronic transfer of funds authorization attached to this Agreement as Exhibit E, and all other documents and instruments necessary to permit Franchisor to withdraw by electronic funds transfer from Franchisee's designated bank account the Royalty Fee, Brand Fund Contribution and any other amounts owed to Franchisor or its Affiliates on the date or dates that such amounts are due. Franchisee must maintain a balance in such account sufficient to allow Franchisor and its Affiliates to collect the amounts owed when due. Franchisee is responsible for any penalties, fines, or other similar expenses associated with the transfer of funds described herein.

(h) **Interest and Fees on Late Payments.** Any payment not actually received by Franchisor on or before the date due will be deemed overdue. Time is of the essence with respect to all payments to be made by Franchisee to Franchisor. Any and all amounts that Franchisee owes to Franchisor or any of its Affiliates will bear Interest, from and after the date of accrual. Any failure to pay when due all or any fees or other amounts due to Franchisor or any of its Affiliates will constitute a material breach of this Agreement. In addition to Interest charges on late payments due pursuant to this Section 4, Franchisee must pay to Franchisor a late fee in the amount of \$100 for each payment received after the prescribed due date and a late fee in the amount of \$250 for each report that Franchisee fails to timely submit to Franchisor pursuant to Section 4(f). This late fee is not Interest or a penalty; the late fee will compensate Franchisor for the administrative and management costs associated with collecting late payments and reports.

(i) **Application of Payments.** Franchisee will not be entitled to withhold payments due Franchisor under this Agreement on grounds of alleged nonperformance by Franchisor hereunder. Franchisor may, at its sole option, apply Franchisee's payments or any portion thereof to any of Franchisee's past due indebtedness to Franchisor or its Affiliates.

Franchisor has the right to set off any amounts Franchisee owes to Franchisor or its Affiliates against any amounts Franchisor may owe to Franchisee.

(j) **Currency.** All amounts payable by Franchisee to Franchisor under this Agreement will be in United States dollars.

(k) **Taxes.** Any and all amounts expressed as being payable pursuant to this Agreement are exclusive of any applicable taxes. Franchisee is obligated to pay all federal, state and local taxes, including without limitation sales, use and other taxes, fees, duties and similar charges, assessed against Franchisee. Franchisee is responsible for and must indemnify and hold Franchisor Indemnitees harmless against any penalties, interest and expenses incurred by or assessed against Franchisor as a result of Franchisee's failure to withhold such taxes or to timely remit them to the appropriate taxing authority. Franchisee agrees to fully and promptly cooperate with Franchisor to provide any information or records it requests in connection with any application by Franchisor to any taxing authority with respect to Franchisee.

5. STORE DEVELOPMENT PROCEDURES.

If Franchisee is developing a Store pursuant to an area development agreement between Franchisee or its Affiliate and Franchisor, then the site selection and site acceptance of such Store will be governed by Sections 5(a) and 5(b) of the area development agreement or such other sections of the area development agreement governing site selection and site acceptance. If Franchisee is developing the Store as a single Store, then Franchisee will obtain Franchisor's approval of Franchisee's proposed site pursuant to Section 5(a) and 5(b) of this Agreement.

(a) **Site Selection.** Franchisee must obtain Franchisor's acceptance of the Premises for the Store within the Designated Area within 90 days after the Effective Date. Franchisee assumes all cost, liability, expense and responsibility for locating, obtaining and

developing the Premises for the Store within the Designated Area and for finish-out or renovation and equipping the Store at the Premises. Franchisee will submit to Franchisor its complete Site Application for a proposed site. Franchisor will provide Franchisee with site selection assistance as Franchisor deems advisable, including without limitation Franchisor's site selection guidelines and design specifications and conducting an on-site evaluation of the proposed site; provided, Franchisor will not conduct an on-site evaluation for any proposed site prior to the receipt of the complete Site Application. Franchisee acknowledges and agrees that Franchisor providing its site selection guidelines and design specifications and any other site selection assistance to Franchisee prior to the proposed site being accepted by Franchisor will not create any reliance or expectation damages or liability for Franchisor and such activities will not create any expectations or representations to Franchisee that any proposed site will be accepted by Franchisor.

(b) **Site Acceptance.** Franchisor will have 30 days after receipt of the complete Site Application to accept or not accept, at its sole option, Franchisee's proposed site. If Franchisor does not respond within the 30-day time period, Franchisor will be deemed to have rejected the proposed site. Upon Franchisor's acceptance of a proposed site, the Parties will agree upon the Opening Date and complete and sign Exhibit G memorializing the location of the Premises, Designated Area and the Opening Date, provided such Opening Date must be on or before the Opening Deadline. If Franchisee is entering into this Agreement pursuant to an area development agreement executed between Franchisee or its Affiliate and Franchisor, the Opening Date must be set so that upon the expiration of the applicable development period in the development schedule (as defined the area development agreement), there are open and operating the cumulative number of Stores required in the development schedule of such area development agreement. No site may be used for the location of the Store unless it is first accepted by Franchisor. Franchisor may revoke its acceptance of a proposed site if Franchisee

commits a default of this Agreement or any other agreement with Franchisor or its Affiliates and fails to cure such default within the applicable cure period, if any. FRANCHISOR'S APPROVAL OF THE PREMISES AND ITS RENDERING OF SITE SELECTION ASSISTANCE, IF ANY, IN THE SELECTION OF THE PREMISES DOES NOT CONSTITUTE A REPRESENTATION, PROMISE, WARRANTY OR GUARANTEE BY FRANCHISOR, EXPRESS OR IMPLIED, THAT THE STORE OPERATED AT THE PREMISES WILL BE PROFITABLE OR OTHERWISE SUCCESSFUL. Franchisor assumes no liability or responsibility for: (a) evaluation of a proposed site's soil for hazardous substances; (b) inspection of any structure on the proposed site for asbestos or other toxic or hazardous materials; or (c) compliance with the ADA and any other Applicable Law. Franchisee is solely responsible for obtaining satisfactory evidence and/or assurances that the proposed site and any structures thereon are free from environmental contamination and in complete compliance with all Applicable Law.

(c) **Occupancy of Premises.** Unless otherwise agreed by Franchisor in writing, Franchisee is required to lease the Premises for the Store. Franchisee will provide to Franchisor for its review and approval a copy of the proposed Lease pursuant to which Franchisee will occupy or acquire rights in the Premises within 30 days after Franchisor accepts the site for the Premises. The proposed Lease will include the Lease Addendum and will not contain any covenants or other obligations that would prevent, limit or adversely affect Franchisee from performing its obligations under this Agreement. The Lease Addendum allows Franchisor to take possession of the Premises upon expiration or termination of Franchisee's rights under the Agreement and Franchisor (or its designee) will have the right to operate the Store at the Premises for the remaining term of the Lease without payment of any assignment fee or similar charge or increase in any rentals payable to the lessor. The proposed Lease will be executed by all necessary parties within 30 days after Franchisor accepts the proposed Lease, and Franchisee will

furnish a complete copy of the Lease within ten days after execution.

(d) **Failure to Acquire Premises.**

Franchisee's failure to acquire the Premises pursuant to a Lease within the time stated in this Section 5 constitutes an Event of Default under this Agreement subject to termination upon notice from Franchisor pursuant to Section 20(a). In such event, Franchisor is not obligated to return the Initial Franchise Fee or any other fees paid by Franchisee under this Agreement.

(e) **Store Development.**

(1) Franchisee is responsible for obtaining all zoning and regulatory approvals which may be required by Applicable Law or which may be necessary as a result of any restrictive covenants related to the Premises. Prior to beginning the finish-out or renovation of the Premises, Franchisee will obtain all permits, licenses and certifications required for the lawful construction or remodeling and operation of the Store and submit to Franchisor a certificate of insurance evidencing that the coverage specified in Section 15 is in full force and effect and that all required approvals, clearances, permits and certifications have been obtained. Upon request, Franchisee will provide to Franchisor additional copies of Franchisee's insurance policies and certificates of insurance and copies of all such approvals, clearances, permits and certifications.

(2) Franchisor will furnish to Franchisee prototypical plans and specifications for a Store, including requirements for dimensions, design, image, interior layout, décor, fixtures, equipment, signs, furnishings, storefront and color scheme. It will be Franchisee's responsibility to have prepared all required architectural, engineering and design plans to suit the shape and dimensions of the Premises, and Franchisee must ensure that these plans and specifications comply with applicable ordinances, building codes and permit requirements, and with Lease requirements and restrictions.

(3) Franchisee will obtain services as needed only from registered architects,

registered engineers, and professional and licensed contractors approved by Franchisor for the development, construction and equipping of the Store. To the extent Franchisee desires to obtain services from an architect, engineer or contractor not already approved by Franchisor, Franchisee will submit to Franchisor the information and documentation set forth in the Manuals regarding the training, experience and financial responsibility of the registered architects, registered engineers and professional and licensed contractors whom Franchisee desires to retain to prepare the plans and construct the Store, along with copies of all proposed contracts with such architects, engineers and contractors, and any other information requested by Franchisor. In connection with Franchisor's review of any such architect, engineer or contractor, Franchisee will pay Franchisor's then-current fee for such review as set forth in the Manuals. Franchisee will not commence construction of the Store until Franchisor has consented to Franchisee's use of the registered architects, registered engineers and professional and licensed contractors who will prepare the plans and construct the Store.

(4) Franchisee will submit its plans to Franchisor and upon Franchisor's request, will submit all revised or "as built" plans during the course of construction. Franchisor will review the plans to confirm they comply with Franchisor's prototypical plans and the Standards. Franchisor will notify Franchisee in writing whether it accepts or does not accept the plans within 30 days following Franchisor's receipt of the plans. Franchisee may not begin site preparation or construction prior to receiving notification that Franchisor approves the plans. All construction must be in accordance with the plans approved by Franchisor and comply in all respects with Applicable Law and the Lease.

(5) Franchisee will commence construction as set forth in Exhibit G and will complete construction no later than 60 days before the Opening Date, provided that in no event will the Store open for business to the public after the Opening Deadline. Construction

will be deemed to have commenced upon the commencement of site work by heavy equipment, or in the event the Store is to be located in existing shell space, commencement of construction-related work at the Premises. Franchisee will advise Franchisor of commencement of construction within ten days of the commencement date. Once construction has commenced at the Premises, it will continue uninterrupted until completed except for interruption by reason of a Force Majeure Event.

(6) Franchisee will use in the development and operation of the Store only the fixtures, furnishings (including décor), materials, equipment and signs, including without limitation the Brand Property and Operating Assets, as set forth in the Manuals.

(7) During the course of construction of the Store, Franchisee will (and will cause its architect, engineer, contractors and subcontractors to) cooperate fully with Franchisor and its designees for the purpose of permitting Franchisor and its designees to inspect the Premises and the course of construction of the Store to determine whether construction is proceeding according to the plans approved by Franchisor in accordance with Section 5(e)(4) and the Standards. Without limiting the generality of the foregoing, Franchisee and Franchisee's architect, engineer, contractors and subcontractors will supply Franchisor and its designees with samples of construction materials, results and reports related to boring and coring tests, due diligence environmental studies, supplies, equipment and other materials and reports requested by Franchisor or its designees and allow Franchisor and its designees access to the Premises to conduct such inspections. If requested by Franchisor, Franchisee will submit to Franchisor reports with photographs showing progress made in connection with the construction and equipping of the Store at the frequency prescribed by Franchisor.

(8) Notwithstanding Franchisor's right to approve the plans and inspect the construction work at the Store, Franchisor and its designees will have no liability or obligation

with respect to the Premises, the design or construction of the Store or the furnishings, fixtures, materials and equipment acquired for the finish-out of the Store. Franchisee acknowledges and agrees that Franchisor's rights under this Section 5 are exercised solely for the purpose of ensuring compliance with the Standards.

(f) **Commence Business.** Franchisee acknowledges that time is of the essence. Subject to Franchisee's compliance with the conditions stated below, Franchisee is obligated to open the Store and commence business on or before the Opening Deadline unless Franchisor consents in writing to an extension of such Opening Deadline. Prior to opening, Franchisee will complete all interior and exterior preparations for the Store set forth in this Section 5 and the Manuals, have the minimum required working capital set forth in the Manuals and provide documentation satisfactory to Franchisor evidencing the same, and will comply with all other pre-opening obligations of Franchisee, including without limitation Sections 4(a) (Initial Franchise Fee), 5 (Store Development Procedures), 6 (Training), 7 (Store Operations), 8 (Technology System and POS System), 11 (Operational Standards), 12 (Representations, Warranties and Covenants), 13 (Management and Personnel) and 15 (Insurance). If Franchisee fails to comply with any of such obligations, Franchisor will have the right to prohibit Franchisee from commencing business. Franchisee's failure to open the Store and commence business in accordance with this Section 5(f) is an Event of Default.

6. TRAINING.

(a) **Initial Training Program.** No later than 14 days prior to the Opening Date, Franchisee, Operating Principal and Store Manager must satisfy all requirements of Initial Training. Any replacement or substitute Operating Principal or Store Manager must complete Initial Training for their respective positions to Franchisor's satisfaction prior to serving in such positions. Franchisor reserves the right to charge a reasonable fee for any Initial Training provided to any replacement or

successor Store Manager and/or Operating Principal or other management Personnel as Franchisor requires. Franchisee will be solely responsible for all costs and expenses incurred by Franchisee, its Operating Principal, Store Manager and any other Personnel in connection with any Initial Training program, including, without limitation, costs of obtaining any required certifications, compensation, travel, lodging, meals and other miscellaneous costs. Franchisee, Operating Principal, Store Manager and any other Personnel that attend Initial Training or participate in any other training provided by Franchisor must sign a liability waiver and release in the form prescribed by Franchisor.

(b) **Opening Assistance.** In connection with the commencement of business of the Store, Franchisor will provide an Opening Crew to provide on-site training for a period of time as determined by Franchisor (but no less than four days in the aggregate) before and/or after the Store's Opening Date. Franchisor will determine the necessary number of Opening Crew members and experience level of such Opening Crew members necessary to support the opening of the Store based on the experience and training of the existing Personnel. The Opening Crew will in no way be responsible for the operation of the Store before or after the Store's opening. Franchisee will reimburse Franchisor for all of its reasonable costs and expenses incurred in providing such Opening Crew for the Store, including travel, lodging, meals and miscellaneous costs. In addition, Franchisor may, at its option or upon Franchisee's request, provide an Opening Crew to support the Grand Opening, provided Franchisee will reimburse Franchisor for all costs and expenses as set forth in this Section 6(b).

(c) **Additional Training.** Franchisee's Operating Principal, District Manager, Store Manager(s) and such other management Personnel as Franchisor may designate must attend such additional and remedial training programs and seminars as Franchisor may offer from time to time, if Franchisor requires such attendance. Franchisee must pay Franchisor's

then-current training fee for any additional training designated by Franchisor or requested by Franchisee. Franchisee will be solely responsible for any and all costs and expenses incurred by Franchisee, Operating Principal, District Manager, Store Manager(s) and other management Personnel in connection with such additional training, including, without limitation, compensation, travel, lodging and miscellaneous costs.

(d) **Meetings and Conferences.**

Franchisor may from time to time hold periodic system-wide meetings at locations designated by Franchisor to address matters of general interest to the System, including, without limitation, Franchisor's annual franchisee conference. Provided that Franchisee has not committed an Event of Default and failed to cure such Event of Default, Franchisee, its Operating Principal (and District Manager, if applicable) will attend any such meetings and conferences as required by Franchisor, subject to Franchisee's payment of a reasonable fee to Franchisor upon its request. Franchisee will be solely responsible for all costs and expenses incurred by Franchisee, its Operating Principal and District Manager in connection with attending such meetings and conferences, including, without limitation, costs of obtaining any required certifications, compensation, travel, lodging, meals and miscellaneous expenses.

7. STORE AND PROCUREMENT STANDARDS.

(a) **Standards.** Franchisee understands the importance of maintaining uniformity among all of the Cowboy Chicken stores and the importance of complying with the Standards relating to the development and operation of the Store for the protection of the Brand and Franchisor's interest in the System and Marks. Franchisee acknowledges and agrees that the purpose of establishing and enforcing such Standards is not so that Franchisor may exercise any control over the day-to-day operations of the Store that are reserved to Franchisee. In addition, Franchisee may not engage in any co-branding in or with the Store or use the Premises for any purpose other than the operation of the

Store unless Franchisor has previously approved such co-branding in writing.

(b) **Maintenance.** Franchisee must at all times maintain the interior and exterior of the Store Premises and the surrounding area in good condition and repair, and the highest degree of cleanliness, orderliness and sanitation. Franchisee is solely responsible for maintenance, repair and replacement where necessary to maintain the Store in accordance with the Standards and for any liabilities arising from Franchisee's failure to comply with the terms and conditions of this Section 7(b).

(c) **Improvements.** Franchisee will make such capital improvement or modifications necessary to modernize, redecorate and upgrade the Store, not more than once every five years, including without limitation the Operating Assets in accordance with Franchisor's then-current Standards. Franchisee must complete to Franchisor's satisfaction and in accordance with a schedule approved by Franchisor, which typically will be from six to 12 months from the date Franchisee is notified of any required changes, unless otherwise agreed to in writing by Franchisor. Franchisee acknowledges and agrees that the requirements of this Section 7(c) are both reasonable and necessary to ensure continued public acceptance and patronage of Stores and to avoid deterioration or obsolescence in connection with the operation of Franchisee's Store. If Franchisee fails to make any improvement as required by this Section 7(c) or perform maintenance as described in Section 7(b), Franchisor may, in addition to its other rights in this Agreement, effect such improvement or maintenance and Franchisee must reimburse Franchisor for the costs Franchisor incurs.

(d) **Designated Supplier.** Franchisee must purchase Operating Assets, Technology System, and Products from Franchisor's Designated Suppliers as set forth in the Manuals. Franchisor may negotiate with any such Designated Supplier the key terms of the agreement that Franchisee will enter into with such Designated Supplier; provided that Franchisee is solely responsible for its payment

and performance obligations under such agreement. If Franchisor does not designate the approved supplier it's a Product, Franchisor may, at its sole option, assist Franchisee in identifying suppliers for such Product to the Store, but in such case Franchisee will be solely responsible for negotiating the terms upon which it will purchase Products from the supplier. Franchisor or any of its Affiliates may be designated as the sole Designated Supplier for any Operating Assets, Technology System or Products. In addition, Franchisor or its Affiliates may receive payments or other consideration from suppliers who provide Operating Assets, Technology System or Products to franchisees operating under the System which Franchisor or its Affiliates may use in any manner Franchisor determines appropriate.

(e) **Operating Assets.** Franchisor makes no warranties, express or implied, with respect to the Products (including the Proprietary Products), Technology System or Operating Assets provided by any supplier (including any Designated Supplier), including by or as a result of any statements made by Franchisor's employees or agents, or statements contained in the Manuals, printed materials or general advertising materials. Except for any express limited warranty made by Franchisor or its Affiliates with respect to any Product, Technology System or Operating Assets sold by Franchisor or its Affiliate, Franchisor or its Affiliate, with respect to any Product, Proprietary Products or Operating Assets sold by Franchisor or its Affiliate, Franchisor or its Affiliate, as applicable, makes no warranty of merchantability or of the fitness of these items for any particular purpose. Any model or sample shown to Franchisee is provided solely to illustrate the general type, nature and quality of such items and not to represent or warrant that any such item would conform to such model or sample.

(f) **Alternate Suppliers.** If Franchisee seeks approval of any new supplier of Operating Assets, Technology System or Products not designated by Franchisor pursuant to Section 7(d) or approval to use new Operating Assets,

Technology System or Products, Franchisee will provide Notice to Franchisor and such information required by Franchisor about any proposed new supplier, new Operating Assets, Technology System or Products (including samples of the proposed Operating Assets, Technology System or Products for examination by Franchisor) to enable Franchisor to approve or reject such supplier or items. Franchisor will have the right to require that its authorized representatives be permitted to inspect the proposed supplier's facilities at Franchisee's sole cost and expense. Franchisor will undertake reasonable efforts to respond to such Notice and information within 30 days from the date of its receipt of all of the information Franchisor requested and completion of any facility inspection. Franchisor may terminate or withhold its approval of any supplier, new Operating Assets, new Technology System or new Products that do not satisfy its Standards. Franchisee will not purchase from any unapproved supplier or use unapproved Operating Assets, Technology System or Products in the Store.

(g) **Group or Cooperative Buying.** If Franchisor or its Affiliate establish a group buying program or purchasing cooperative for the purpose of obtaining improved and sustainable pricing for any Operating Assets, Technology System or Products, including the retention of a third party purchasing agent to facilitate such buying program or cooperative, upon Franchisor's request, Franchisee will become a member of such group buying program or cooperative, make reasonable dues payments for the services of such group buying program or purchasing cooperative and execute all documentation reasonably required by Franchisor to facilitate the foregoing.

8. TECHNOLOGY SYSTEM AND POS SYSTEM.

(a) **Technology System.** Franchisee will purchase, use, and maintain the Technology System prescribed by Franchisor at the Store. Franchisor may periodically modify Standards for the Technology System, and, if so, Franchisee will acquire, at its cost, such

modified Technology System and the computer hardware and software comprising part of the Technology System within 60 days from the date of Notice from Franchisor. Upon Franchisee's request and subject to Franchisee's payment of the then-current fee set forth in the Manuals, if any, Franchisor may provide assistance in developing and planning installation of the Technology System that meets the Standards. Franchisor may, at its sole option, charge Franchisee for any computer usage costs that Franchisor incurs as a result of Franchisee's use of the Technology System, including but not limited to a systems fee for modifications of and enhancements made to Proprietary Software that Franchisor licenses to Franchisee and other maintenance and support services that Franchisor or its Affiliates furnish to Franchisee related to the Technology System. Franchisee will have sole and complete responsibility for the acquisition, operation, maintenance, and upgrading of the Technology System.

(b) **POS System.** Franchisee will purchase, use and maintain the POS System that Franchisor requires or otherwise approves in writing for the operation of the Store. The POS System must be connected to a communications medium specified by Franchisor at all times and be capable of accessing the Internet via a designated third-party network for the purpose of implementing software, transmitting and receiving data, accessing the Internet for ordering, and maintaining the POS System. Upon Notice from Franchisor, at Franchisee's cost and expense, the POS System will be electronically linked to Franchisor's (or its Affiliate's) Intranet. Franchisee will provide Franchisor access to any POS System information, at such times and in such manner as established by Franchisor, with or without notice, to retrieve such transaction information, including customer, sales, sales mix, usage, and other operations data as Franchisor deems appropriate. Franchisee will apply for and maintain debit cards, credit cards or other noncash systems existing or developed in the future as specified by Franchisor. Franchisor may require Franchisee to periodically update, upgrade or replace the POS System, including

hardware and/or software, provided that Franchisee will not be required to replace the POS System any more frequently than once every five years.

(c) **Proprietary Software.** If Franchisor designates Proprietary Software, Franchisee will, at Franchisor's written request, license or sublicense such software from Franchisor, its Affiliate or other designee and enter into a software (sub) license agreement on such licensor's then-current form. Franchisee will purchase any periodic upgrades, enhancements or replacements to the Proprietary Software at Franchisee's sole cost and expense. Franchisor will provide to Franchisee support services relating to the Proprietary Software as Franchisor deems advisable at a reasonable charge. Franchisee must incorporate any or all required modifications or additions within 30 days after receiving Notice from Franchisor, unless a longer time period is stated in such Notice.

(d) **Intranet.** Franchisor may, at its option, establish and maintain an Intranet through which Franchisor and Franchisee may communicate with each other. Franchisor will have control over all aspects of the Intranet, including the content and functionality thereof. At Franchisor's option, Franchisor may post, update and disseminate the Manuals and other Confidential Information through the Intranet. Any passwords or other digital identifications necessary to access the Manuals on the Intranet will be deemed to be part of Confidential Information. If established, Franchisee will have the mere privilege to use the Intranet, subject to Franchisee's strict compliance with the Standards and payment of the Intranet Fee. Franchisee acknowledges that, as administrator of the Intranet, Franchisor can access and view any communication that any Person posts on the Intranet. Franchisee further acknowledges that the Intranet facility and all communications that are posted or to be posted to it will become Franchisor's sole property, free of any claims of privacy or privilege that Franchisee or any other Person may assert. If established, Franchisor will have no obligation to maintain the Intranet

indefinitely, and may modify or dismantle it at any time without liability to Franchisee.

(e) **Systems Access.** Franchisee may be provided access to various computer or electronic systems (or any substitute thereof), including, but not limited to, third-party computer or electronic systems made part of the System. Franchisee will be responsible for its actions and the actions of its Personnel relating to such computer and electronic systems, including use of any logon IDs, passwords or other authentication methods provided to Franchisee. All Franchisee connectivity or attempted connectivity to Franchisor's computer and electronic systems will be only through Franchisor's security gateways or Franchisor's firewalls. Franchisee will not access, and will not permit unauthorized persons or entities within its control to access, Franchisor's computer and electronic systems without Franchisor's express written authorization, and any such actual or attempted access will be consistent with any such authorization. Franchisee will fully comply with Franchisor's systems access requirements and related Standards with respect to the computer and electronic systems.

9. COUPONS, GIFT CARDS, AND LOYALTY PROGRAMS.

Franchisee must, at Franchisee's expense, participate in, and comply with the requirements of, any gift certificate, gift card, stored value card, customer loyalty, or customer retention program (e.g. customer e-mail program) that Franchisor or its Affiliates implement for all or part of the System and must sign the forms and take any other action that Franchisor or its Affiliates require in order for Franchisee to participate in such programs. Without limitation, Franchisee must honor coupons, stored value cards, gift certificates, gift cards, or vouchers sold or distributed by other Cowboy Chicken locations and include the related proceeds in Gross Sales strictly in accordance with the Standards. Franchisee will not issue or offer any gift certificate, gift card, stored value card, customer loyalty or retention program without Franchisor's prior written approval.

Franchisee will utilize a vendor approved by Franchisor or its Affiliates for gift card processing. Any coupon offer proposed by Franchisee must be approved by Franchisor in writing prior to being offered.

10. MARKETING.

(a) **Brand Fund.** Recognizing the value of advertising and marketing to the goodwill and public image of the Brand, Franchisor administers a Brand Fund for the creation and development of marketing, advertising, and related programs, campaigns and materials, including electronic, print, Internet and Social Media, as well as the planning and purchasing of national, regional, and/or local advertising. Franchisee must contribute the Brand Fund Contribution to the Brand Fund as set forth in Section 4(c) of this Agreement. Franchisor will direct all advertising and marketing programs, including but not limited to research methods, branding, creative concepts and materials, sponsorships, and endorsements used in connection therewith; selection of geographic and media markets; and media placement and the allocation thereof. Franchisor may use the Brand Fund to pay the costs of research (including without limitation product research and development, market research, consumer research and focus groups), creation and production of video, audio, electronic, and written advertising and marketing programs; administration of regional, multi-regional, and national advertising and marketing programs, product and customer research and surveys, and testing and related development activities; promotional events; purchasing and participating in online, Social Media, radio, television, and billboard advertising and programming; employing marketing, advertising and promotional agencies to assist therewith; conducting community relations activities; and supporting public relations, maintenance of the System websites, and online presence; and such other advertising, marketing, and promotional activities as Franchisor determines are appropriate for Cowboy Chicken stores and the Marks and System under which they operate. For the avoidance of doubt, Franchisee will ultimately

be responsible for the costs associated with the placement of any such marketing and media for the Store; that is, Franchisee will either reimburse Franchisor for media and marketing placement or directly pay a third-party advertiser for placement of the media or marketing materials. The Brand Fund will furnish Franchisee with samples of advertising, marketing formats, promotional formats, and other materials at no additional cost when Franchisor deems appropriate. Multiple copies of such materials will be furnished to Franchisee at Franchisee's cost plus any related shipping, handling, and storage charges. Franchisor may, at its sole option, increase the Brand Fund Contribution upon 60 days' prior notice to Franchisee, subject to the limitations in Section 10(d).

(b) **Accounting.** The Brand Fund will be accounted for separately from Franchisor's other funds and will not be used to defray any of Franchisor's general operating expenses, except for such reasonable salaries, administrative costs, travel expenses, and overhead as Franchisor may incur in activities related to the administration of the Brand Fund and its programs, including as described in Section 10(a) and with respect to collecting and accounting for contributions to the Brand Fund. The Brand Fund is operated solely as a conduit for collecting and expending the Brand Fund Contributions described in Section 4(c). Franchisor does not act as trustee with respect to the Brand Fund and has no fiduciary duty to Franchisee or its Affiliates, Principals, or any other franchisees with regard to the operation or administration of the Brand Fund. Franchisor may spend, on behalf of the Brand Fund, in any fiscal year, an amount that is greater or less than the aggregate contribution of all Stores to the Brand Fund in that year, and the Brand Fund may borrow from Franchisor or others to cover deficits or may invest any surplus for future use. All interest earned on monies contributed to the Brand Fund will be used to pay advertising costs before other assets of the Brand Fund are expended. Franchisor will, upon Franchisee's written request (but no more than once annually) provide a copy of its audited annual statement of monies collected and costs incurred by the

Brand Fund. Franchisor will have the right to cause the Brand Fund to be incorporated or operated through a separate entity at such time as Franchisor deems appropriate, and such successor entity will have all of the rights and duties specified herein.

(c) **Proportionality.** Franchisee acknowledges that the Brand Fund is intended to maximize recognition of the Marks and patronage of the Brand. Although the Franchisor will endeavor to utilize the Brand Fund to develop advertising and marketing materials and programs and to place advertising that will benefit the System, Franchisor undertakes no obligation to ensure that expenditures by the Brand Fund in or affecting any geographic area are proportionate or equivalent to the contributions to the Brand Fund by Cowboy Chicken stores operated by Franchisor or its Affiliates in that geographic area. Nor is Franchisor under any obligation to ensure that Franchisee's Store or any other Cowboy Chicken store will benefit directly or in proportion to its Brand Fund Contribution paid to the Brand Fund from the development of advertising and marketing materials or the placement of advertising, or that all Cowboy Chicken stores operated by Franchisor or any of its Affiliates will pay the same Brand Fund Contribution. Except as expressly provided in this Section 10, Franchisor assumes no direct or indirect liability or obligation to Franchisee with respect to collecting amounts due to, or maintaining, directing or administering the Brand Fund. Franchisor does not act as trustee or in any fiduciary capacity with respect to the Brand Fund. Franchisor reserves the right to terminate (and, if terminated, to reinstate) the Brand Fund. If the Brand Fund is terminated, all unspent monies on the date of termination accrued will be distributed to franchisees operating Cowboy Chicken stores in proportion to their respective contributions to the Brand Fund accrued during the preceding three-month period, and such amounts will be added to amounts required to be expended pursuant to Section 4.

(d) **Local Marketing Expenditures.** In addition to the contributions that Franchisee

pays to the Brand Fund, Franchisee must make the Local Marketing Expenditure in such amounts as Franchisor establishes from time to time, which when combined with the amount Franchisee has paid in Brand Fund Contributions for the applicable fiscal quarters (if any), will not exceed 4% of Gross Sales (allocated by Franchisor, at its sole option, among the Brand Fund and Local Marketing Expenditures), during any period consisting of four consecutive fiscal quarters. The initial Local Marketing Expenditure is set forth in the Summary Page. At Franchisor's request, Franchisee will furnish Franchisor with copies of invoices and other documentation reasonably satisfactory to Franchisor evidencing compliance with this Section 10(d). If Franchisor determines that Franchisee's Local Marketing Expenditures, combined with the Brand Fund Contributions total less than the then-current percentage of Gross Sales required by Franchisor during the then-most recently completed four consecutive fiscal quarters, Franchisor may notify Franchisee of any additional amounts that Franchisee must spend (up to the then-current percentage of Gross Sales required by Franchisor) on local marketing, and if Franchisee has not spent such additional amounts (in addition to any ongoing marketing requirements) by the end of the fiscal quarter in which Franchisee receives such Notice, then Franchisor may collect those unspent amounts directly from Franchisee's account pursuant to Section 4(g) and contribute them to the Brand Fund, without any liability or obligation to use such funds for Franchisee's local advertising. Franchisor will provide Franchisee with not less than 30 days' Notice of any determination which changes the amount of the Local Marketing Expenditures Franchisee must spend. Franchisee will throughout the Term engage in local advertising, marketing and promotional activities and campaigns in accordance with Franchisor's Standards and the Manuals. All such local advertising, marketing and promotional activities and campaigns must be approved by Franchisor in advance in writing. Franchisor may withdraw its approval at any time if any such activity or campaign fails to comply with Franchisor's then-current Standards and Manuals. The Local Marketing

Expenditures will be used to pay for the cost of implementing local marketing plans developed by Franchisor and adapted and implemented by Franchisee with Franchisor's approval, which may include amounts spent by Franchisee for: (i) advertising media and community relations, such as television, radio, Internet, Social Media, newspaper, billboards, posters, direct mail, collateral and promotional items; (ii) advertising on public vehicles (transit and aerial) and (iii) public relations and the cost of producing approved materials necessary to participate in such public relations. Local Marketing Expenditures do not include amounts spent for items which Franchisor, in its sole judgment, deems inappropriate for meeting the minimum requirement for Local Marketing Expenditures, including permanent on-site signs, point of purchase materials and store hours, complimentary charges, donations, lighting, menus, Personnel salaries or administrative costs, transportation vehicles (even though such vehicles may display the Marks), discounts, free offers and Personnel or crew member incentive programs.

(e) **Special Promotions.** In addition to the national, regional and local advertising described in this Section 10, Franchisor may from time to time develop and administer advertising, marketing and sales promotional programs in which Franchisee will participate upon such terms and conditions established by Franchisor. Such programs are in addition to Franchisee's local marketing requirements pursuant to Section 10(d) and may include without limitation alcoholic beverage menu and marketing promotions, specialized menu offerings and similar programs. All phases of such advertising, marketing and promotion, including the type, quantity, timing, placement, choice of media, market areas, promotional programs and advertising agencies will be determined solely by Franchisor.

(f) **Grand Opening.** Franchisee will spend at least the Grand Opening Amount to advertise and promote the opening or Grand Opening of the Store, as applicable, in accordance with the Standards. Upon the execution of this Agreement, Franchisee will

deposit the minimum Grand Opening Amount with Franchisor to be held by Franchisor in a non-interest bearing account. At least 90 days before the date of the Grand Opening of the Store and for the 12-month period following Opening Date, the advertising plans and budget for such opening or Grand Opening must be submitted to and approved in writing by Franchisor. Franchisee will modify the advertising plan and budget as requested by Franchisor and thereafter no substantial changes may be made to the plan without advance written consent of Franchisor. Once the plan has been approved by Franchisor, Franchisor will, at its sole option either disburse the Grand Opening Amount funds deposited with Franchisor directly to vendors for payment of invoiced amounts in connection with Franchisee's implementation of the Grand Opening or disburse such funds directly to Franchisee for use in implementing the Grand Opening. Franchisee acknowledges and agrees that any disbursement of Grand Opening Amount funds by Franchisor does not constitute a guaranty of any payment or performance obligations of Franchisor with respect to the applicable vendor relationship and Franchisee is solely responsible for such payment and performance obligations. Within 90 days following the opening or Grand Opening of the Store, Franchisee will submit to Franchisor documentation evidencing its advertising expenditures. Franchisee's obligations under this Section 10(f) are in addition to Franchisee's obligations to contribute to the Brand Fund and make Local Marketing Expenditures.

(g) **Public Announcements.** No public communication, press release or announcement regarding this Agreement, the transactions contemplated hereby, the operation of Franchisee's Store, or any Crisis Management Event will be made by Franchisee without Notice to Franchisor and Franchisor's prior approval of such communication, press release or announcement. Franchisee will not disclose the substance of this Agreement to any third party except as necessary to obtain a lease or renewal or obtain any permit, license or other approvals, or to the extent required by the lawful order of any court of competent jurisdiction

having jurisdiction over Franchisee or for any public disclosure otherwise required by Applicable Law.

(h) **Positioning.** Franchisee must adhere to the Standards and other guidance on Brand positioning with respect to pricing, Product offerings, advertising and promotional activities and campaigns, and other key Brand presentation attributes.

(i) **Advertising Price Policies.** Franchisee will advertise its menu items in accordance with the Minimum Advertised Price Policy specified from time to time by Franchisor in its menus, Manuals or otherwise in writing. Notwithstanding the foregoing, Franchisee is not restricted from providing in-store discounts on menu items or in-store advertising of menu items below such Minimum Advertised Price Policy. In addition, Franchisee will honor the terms of all required promotional or discount programs that Franchisor may offer to customers of Cowboy Chicken stores.

(j) **Truthful Advertising, Marketing, and Promotion.** Any advertising, promotion, and marketing Franchisee conducts must be factually accurate and not misleading and conform to the highest standards of ethical marketing and the promotional policies which Franchisor prescribes from time to time, including, but limited to, the Standards. Samples of all advertising, promotional, and marketing materials which Franchisor has not prepared or previously approved in writing within the prior 12 months must be submitted to Franchisor for approval before Franchisee may use them. Franchisee may not use any advertising or promotional materials or engage in any advertising or promotional campaigns that Franchisor has not approved in writing or disapproved. Franchisor will own the copyrights to any materials so submitted, whether approved by Franchisor or not. In all cases, Franchisor has control over any profiles that use or relate to the Marks, that display the Marks, or that are maintained on Social Media websites and applications and all other similar websites and applications that may exist in the future. Franchisor may use part of the Brand Fund

monies collected under this Agreement to pay or reimburse the costs associated with the development, maintenance, and update of such profiles. Franchisor may (but need not) establish guidelines pursuant to which Franchisee may establish profiles or otherwise establish a presence on such Social Media websites and platforms. In such event, Franchisee must comply with the Standards imposed from time to time on such use. Franchisee will sign over control of any Social Media accounts or profiles, with fan bases intact, and provide access to reports and history of promotion performance, upon Franchisor's request.

(k) **Advertising Cooperatives.**

Franchisor may, at its sole option, require you to participate in certain local or regional advertising cooperatives organized and/or approved by Franchisor and composed of certain other Cowboy Chicken stores located in the geographic area in which the Store is located, as set forth in the applicable cooperative advertising agreement. If Franchisee is required to participate in a Franchisor-approved advertising cooperative, Franchisee will be required to execute Franchisor's then-current standard advertising cooperative agreement. Franchisor may terminate any advertising cooperative pursuant to the terms of the applicable cooperative advertising agreement. Franchisor may require advertising cooperatives to be formed, changed, dissolved or merged.

11. STORE OPERATIONS.

(a) **Manuals.** Franchisee will comply with the Standards as set forth in the Manuals in the operation of the Store and as may from time to time otherwise be prescribed in writing, including without limitation operating the Store during hours and days specified in the Manuals. Franchisor has provided to Franchisee one copy of each of its Manuals "on loan" for the Term. Franchisor may make the Manuals and related Standards available to Franchisee via the Intranet. Franchisor may periodically update and amend the Manuals and will notify Franchisee in writing of any such updates or amendments, which will thereupon become a

part of the Manuals. Franchisee must comply with all written updates and amendments to the Manuals. In the event of a dispute relating to the contents of the Manuals, the master copy that Franchisor maintains at its principal office or on the Intranet, as designated by Franchisor, will prevail. If Franchisee's hard copy of the Manuals is lost, destroyed or significantly damaged, Franchisee will obtain a replacement copy at the then-applicable charge to reimburse cost of replacement. Franchisee will use the digital version of the Manuals in their current form available to Franchisee on the Intranet as instructed. Franchisee will treat the Manuals as confidential and maintain the information in the Manuals as Confidential Information. Franchisee will return all hard copies of the Manuals to Franchisor immediately on expiration or termination of this Agreement.

(b) **Compliance with Applicable Law; Operating Permits.** Franchisee will develop and at all times operate the Store in full compliance with Applicable Law, including but not limited to all restaurant, food, and beverage services conducted at or from the Store. Franchisee must notify Franchisor in writing immediately upon the commencement of any legal action, suit, or proceeding, any administrative action, or the issuance of an order of any court, agency, or other governmental instrumentality, which may adversely affect the development, occupancy, or operation of the Store or Franchisee's financial condition; or the delivery of any notice of violation or alleged violation of any Applicable Law, including those relating to health or sanitation at the Store. Franchisee will refrain from any business or advertising practice which may be injurious to Franchisor's business, to the business of other Cowboy Chicken stores, or to the goodwill associated with the Marks. Franchisee will be solely responsible for procuring and continuously maintaining thereafter all approvals, permits, and/or licenses required for the development and operation of the Store.

(c) **Credit Card and Other Methods of Payment.** Franchisor may, at its option, designate in writing credit and debit card issuers or sponsors check or credit verification services,

financial center services, and electronic funds transfer systems, and upon any such designation by Franchisor, Franchisee must maintain credit card relationships with such credit and debit card issuers or sponsors check or credit verification services, financial center services, and/or electronic funds transfer systems in connection with the operation of the Store and refrain from using any services or providers that Franchisor has not approved in writing or for which Franchisor has revoked its approval. Franchisor may modify its requirements and designate additional approval or required methods of payment and vendors for processing such payment. Franchisee must comply with the PCI DSS as they may be revised and modified by the Payment Card Industry Security Standards Council, or any successor or replacement organization and/or in accordance with other standards Franchisor may specify, and FACTA. Franchisee also must upgrade periodically its Technology System, at Franchisee's expense, to maintain compliance with PCI DSS, FACTA and all Applicable Law. Franchisee must notify Franchisor immediately if it is notified of a credit card breach (as such constitutes a Crisis Management Event) related to the Store and Franchisee's business related thereto and must cooperate with applicable authorities fully with respect to the investigation. Further, Franchisee must cooperate with Franchisor fully with respect to media statements (if any) and other items related to managing the Crisis Management Event for the purpose of protecting the Marks and System.

(d) **Privacy Laws.** Franchisee will abide by all privacy laws and comply with Franchisor's policies pertaining to privacy laws at all times during the Term. If there is a conflict between Franchisor's policies pertaining to privacy laws and applicable statutory privacy laws, Franchisee will comply with the requirements of the applicable statutory privacy laws, immediately provide Franchisor with written notice of said conflict and promptly and fully cooperate with Franchisor and its counsel in determining the most effective way, if possible, to satisfy Franchisor's policies within the bounds of applicable statutory privacy laws.

(e) **Customer Data.** All information, mailing lists and data bases of Customer Data from whatever source derived, will be Franchisor's property. Franchisee will not use such information, except in connection with the Store in accordance with this Agreement. Franchisee will not use, process, copy, display, publish, store or transfer the Customer Data without Franchisor's written approval. Franchisee will fully comply with all Applicable Law with respect to Customer Data in accordance with Sections 11(b), 11(c) and 11(d).

(f) **Trade Accounts.** With respect to any supplier, Franchisee will maintain its trade accounts in a current status and will seek to resolve any disputes with such suppliers promptly. If Franchisee fails to maintain such trade accounts on a current status, to timely pay any amounts owing to any other third parties providing services, Franchisor may, but is not required to, pay any such amounts and/or perform such obligations on Franchisee's behalf. If Franchisor elects to pay any such amounts, then Franchisee must promptly reimburse Franchisor, upon receipt of Franchisor's invoice, for such amounts and its administrative services in doing so. Franchisor may also set off the amount of any such reimbursement against any payments due to Franchisee, at its sole option.

(g) **Proprietary Products.** Franchisor may develop or acquire for use in the System certain Products which are prepared from confidential or secret recipes and considered trade secrets of Franchisor and/or its Affiliates. Because of the importance of quality and uniformity of production and the significance of such Products in the System, it is to the mutual benefit of the Parties that Franchisor closely controls the production and distribution of such Products. Accordingly, if such Products become a part of the System, Franchisee will use only Franchisor's confidential or secret recipe in such Products and will purchase, at the prevailing price plus freight, taxes, and other costs of delivery, solely from Franchisor or from a source designated by Franchisor, all of Franchisee's requirements for such Products, including, without limitation, all Proprietary Products.

(h) **Uniforms and Employee Appearance.** Franchisee will cause all employees, while working in the Store, to wear uniforms meeting the Standards, as Franchisor may periodically designate, and to present a neat and clean appearance in accordance with the Standards. If Franchisor changes the type of uniform utilized by Franchisee, Franchisee will have 30 days from the date of its receipt of Franchisor's Notice to discontinue use of its existing inventory of uniforms and implement the approved type of uniform.

(i) **Approved Products; Menus.** Franchisee must comply with the Standards relating to the purchase of all food and beverage items, ingredients, Products, fixtures, furnishings, equipment, décor items and signs (including the Operating Assets and Technology System), catering or delivery vehicles, materials, supplies, smallwares, paper goods, and other Products used or offered for sale at the Store. Franchisee must acquire such items from Designated Suppliers or suppliers that otherwise satisfy the Standards, as set forth in the Manuals, and are approved in writing by Franchisor prior to any purchases by Franchisee from any such supplier and who have not thereafter been disapproved by Franchisor. **ALTHOUGH APPROVED OR DESIGNATED BY FRANCHISOR, FRANCHISOR AND ITS AFFILIATES MAKE NO WARRANTY AND EXPRESSLY DISCLAIM ALL WARRANTIES, INCLUDING WARRANTIES OF MERCHANTABILITY AND FITNESS FOR ANY PARTICULAR PURPOSE, WITH RESPECT TO SERVICES, PRODUCTS, EQUIPMENT (INCLUDING WITHOUT LIMITATION THE TECHNOLOGY SYSTEM AND OPERATING ASSETS), SUPPLIES, FIXTURES, FURNISHINGS OR OTHER APPROVED ITEMS. IN ADDITION, FRANCHISOR DISCLAIMS ANY LIABILITY ARISING OUT OF OR IN CONNECTION WITH THE SERVICES RENDERED OR PRODUCTS FURNISHED BY ANY DESIGNATED SUPPLIER OR SUPPLIER APPROVED BY FRANCHISOR. FRANCHISOR'S APPROVAL OR CONSENT TO ANY SERVICES, GOODS, SUPPLIES OR ANY OTHER INDIVIDUAL, ENTITY OR**

ANY ITEM WILL NOT CREATE ANY LIABILITY TO FRANCHISOR.

Franchisee must maintain in sufficient supply and use and sell at all times only such food and beverage items, ingredients, Products, materials, supplies, small wares, and paper goods that conform to the Standards. Franchisee must prepare all menu items in accordance with Franchisor's recipes and procedures for preparation contained in the Manuals or other written directives, including, but not limited to, the prescribed measurements of ingredients. Franchisee will refrain from deviating from Franchisor's Standards, including, without limitation, by the use or offer of nonconforming items or differing amounts of any items, without Franchisor's prior written consent.

Franchisee must sell or offer for sale all menu items, Products and services required by Franchisor and utilizing the method, manner and style prescribed by Franchisor, as expressly authorized by Franchisor in writing. Franchisee must sell and offer for sale only the menu items, Products, and services that have been expressly approved for sale in writing by Franchisor. Franchisee must immediately discontinue selling and offering for sale any menu items, Products, or services and any method, manner, or style of distribution which Franchisor may, at its sole option, disapprove in writing at any time. Franchisee will use and display only menus that have been prescribed or approved in advance in writing by Franchisor. Any and all recipes or menu changes submitted by Franchisee to Franchisor for inclusion on the menu will become the property of Franchisor, and Franchisee will execute all documents necessary to convey all rights and title, including all rights in such recipes, to Franchisor. Unless Franchisor consents, Franchisee will not sell, dispense, give away, or otherwise provide food or beverage Products or other items, except by means of retail sales or complimentary meals to employees and/or customers at the Store, a program of charitable giving, or as otherwise approved in advance in writing by Franchisor.

(j) **System Changes.** Franchisee must, at its sole cost and expense, promptly and fully

comply with any changes made to the System by Franchisor, including, but not limited to, changes in preparation, operations, and appearance of the Store (including any remodeling and renovation to the interior or exterior of the Store) or purchases of Operating Assets as are required by Franchisor in writing. Franchisee may be required to attend meetings, at its own cost and expense, to discuss any System changes. If Franchisor requests that changes be made to the Store, Franchisor will provide Franchisee with a sample layout for the interior and exterior changes to be made and a set of typical preliminary plans. Franchisee will, at its sole cost and expense, employ architects, designers, engineers, contractors and others as may be necessary to complete, adapt, modify or substitute the sample plans for the Store. Franchisee must obtain Franchisor's prior written approval of any and all changes in the plans before commencing construction or implementing such changes. Franchisor will have access to the Store while work is in progress and may require such reasonable alterations or modifications of the construction at the Store, at Franchisee's sole cost and expense, as Franchisor deems necessary to conform to its Standards.

(k) **Off-Site Sales.** Franchisee will not deliver, prepare, or serve any food or beverage Products away from the Store except as set forth in the Manuals or unless Franchisor has approved in writing Franchisee's program plan for providing such off-site sales. Notwithstanding the foregoing, Franchisor reserves the right to require Franchisee to offer catering services or delivery services through Franchisor's designated provider of such services to customers located within Franchisee's Designated Area. Franchisee must comply with the Minimum Advertised Price Policy for products offered by the Store whether delivered or catered or sold in the Store. Any sales from catering, take-out or delivery services must be included in Gross Sales for purposes of Franchisee's Royalty Fees and Brand Fund Contribution and Franchisee may not deduct from such sales any fees paid to third party providers of catering, take-out and delivery

services. Any catering, take-out or delivery services must comply with the Standards.

(l) **Customer Satisfaction and Surveys.** Franchisee will participate in all customer surveys and satisfaction audits as Franchisor may require from time to time, which may require Franchisee to provide discounted or complimentary Products. Additionally, Franchisee will participate in any customer complaint resolution and other programs as Franchisor may reasonably establish for all or part of the System, which programs may include, without limitation, providing discounts or refunds to customers. For any such sales, the amount actually paid by the customer after the discount or refund is applied and not the advertised price will be considered for purposes of Gross Sales.

(m) **Alcoholic Beverages.** If at any time during the Term, Franchisor elects, at its sole option, to implement in the System an alcoholic beverage program, then Franchisee will provide alcoholic beverages at the Store in accordance with the Standards and as set forth in the Manuals for the remainder of the Term. In such case, Franchisee will be solely responsible for compliance with Applicable Law in connection with providing such alcoholic beverages and will procure and continuously maintain any approval, permit and/or license that is required in connection with the sale of alcoholic beverages at the Store.

12. REPRESENTATIONS, WARRANTIES, AND COVENANTS.

(a) Business Entity Franchisee.

(1) Franchisee warrants that it is duly organized or formed and validly existing in good standing under the laws of the jurisdiction of its incorporation or formation; it has the necessary consents, approvals, licenses and/or permits to carry out the business activities contemplated by this Agreement; it will furnish such other information about its organization or formation as Franchisor may reasonably request to confirm the same; and the execution and delivery of this Agreement has been duly

authorized by it. Franchisee's company agreements must provide that its purpose and activities are restricted to the operation of Cowboy Chicken stores and further must impose the restrictions against Transfer set forth in Section 18 of this Agreement.

(2) If Franchisee is not publicly traded (i.e., less than 20% of its equity shares that are entitled to participate in the election of its Board of Directors are traded on a national exchange in the United States), it will disclose to Franchisor all Principals holding in excess of 5% of all Equity Interests in Franchisee and will disclose to Franchisor all beneficial owners, directors, officers, employees or agents of Franchisee who are government officials. Franchisee will provide Franchisor with such financial information as Franchisor may periodically request for Franchisee and each Principal, including copies of unaudited financial statements to be delivered to Franchisor on a quarterly basis, within 20 days after the end of each calendar quarter, and copies of audited financial statements, to be delivered to Franchisor on an annual basis, no later than 60 days after the end of each calendar year.

(3) If Franchisee is not publicly traded, each Principal will execute and deliver to Franchisor a Guaranty and Undertaking of Obligations in the form attached hereto as Exhibit B.

(b) **Insider Trading.** Franchisee will advise any Persons who are informed as to the matters that are the subject of this Agreement, including, without limitation, any of the Confidential Information, that Applicable Law prohibits any Person who has received from an issuer, material, non-public information concerning matters like those that are the subject of this Agreement from purchasing or selling securities of that issuer on the basis of the information or from communicating the information to any other Person under circumstances in which it is reasonably foreseeable that such Person is likely to purchase or sell securities on the basis of that information.

(c) **Ideas and Concepts.** From time to time in connection with the operation of the Store, Franchisee may create or develop Ideas and Concepts that Franchisee believes will improve the System or the Stores. Franchisee will promptly disclose such Ideas and Concepts to Franchisor and will not implement such Ideas and Concepts without the prior written approval of Franchisor. Franchisor may elect to use or adopt such Ideas and Concepts if Franchisor determines that such adoption or use will benefit the System. If Franchisor uses or adopts any of such Ideas and Concepts, they will be deemed to be part of the System without any compensation payable to Franchisee by Franchisor. All Ideas and Concepts, whether or not constituting protectable Intellectual Property, and whether created by or on behalf of Franchisee, any Principal or Personnel in connection with the Stores, will be deemed to be Franchisor's sole and exclusive Intellectual Property. Franchisee, on behalf of itself and its Principals and all Personnel, hereby assign all rights in any Ideas and Concepts to Franchisor or any of its Affiliates and will execute and deliver all such additional instruments and documents as Franchisor may request to evidence the assignment and Franchisor's or any of its Affiliate's ownership of such Ideas and Concepts.

(d) **Gratuities; Gifts; Conduct and Employment Matters.**

(1) Neither Franchisee nor any Principal will make or offer a gratuity or gift of any kind to any employee of Franchisor or any of its Affiliates or any family member of an employee that could be viewed as relating to an actual or potential business relationship with Franchisor or its Affiliate. Gifts include entertainment, personal services, favors, discounts and other preferential treatment of any kind. Franchisor may interpret such action as an improper attempt to influence the employee of Franchisor or its Affiliate, as applicable. For the avoidance of doubt, gifts do not include samples of Products in reasonable quantities provided by Franchisor or Franchisee in furtherance of the terms and conditions of this Agreement or reasonable food and beverages at a meeting

between Franchisor and Franchisee or other customary courtesies.

(2) Franchisee will comply with all of Franchisor's policies relating to ethical and professional conduct. Franchisee will provide wages and benefits that are in compliance with all Applicable Law. Franchisee will maintain Personnel work hours in compliance with Applicable Law. Franchisee will not utilize forced, prison or child labor. No Person may be employed at an age younger than that permitted by Applicable Law; and regardless of such Applicable Law, all Personnel of Franchisee must be at least 16 years of age, and such age appropriately documented. For purposes of this Section 12(d)(2), Franchisee includes Franchisee's Affiliates and Principals and each of their Personnel, agents and representatives and Franchisee will ensure that its Affiliates and Principals comply with all of the terms hereof.

13. MANAGEMENT AND PERSONNEL.

At all times throughout the Term, Franchisee will hire, train and supervise Personnel sufficient to meet its obligations under this Agreement in accordance with the Standards or otherwise in writing by Franchisor. Franchisee will maintain a competent, conscientious, trained staff and take such steps as are necessary to ensure that its Personnel preserve good customer relations and fully comply with Applicable Law.

(a) **Operating Principal.** Concurrently with the execution of this Agreement, Franchisee must designate and retain at all times an Operating Principal who will manage the Store in accordance with the Standards, including without limitation completion of Initial Training to Franchisor's satisfaction, as described in Section 6. The Operating Principal will execute the Operating Principal's Confidentiality and Non-Compete Agreement attached to this Agreement as Exhibit D. The Operating Principal will supervise the Store Managers and the operations of the Store. The Operating Principal may not be involved in or supervise any other business or restaurant concept outside the Store. If, during the Term,

the Operating Principal is not able to continue to service in such capacity or no longer qualifies to act as such in accordance with this Section 13(a), Franchisee must promptly notify Franchisor in writing and designate a replacement within 30 days after the Operating Principal ceases to serve, such replacement being subject to the same qualifications described above. Franchisee must provide for interim management of the Store until such replacement is so designated and such interim management is to be conducted in accordance with the terms of this Agreement. Any failure to comply with the requirements of this Section 13(a) will be deemed an Event of Default.

(b) **Store Manager.** Franchisee must retain at all times a sufficient number of Store Managers who satisfy Franchisor's Standards for such position, as set forth in the Manuals or otherwise in writing by Franchisor. Unless otherwise provided in the Manuals, at least one Store Manager must be present at the Store during all hours of operation to ensure that the Store is at all times under the direct supervision of a Store Manager, who will report to the Operating Principal. Each Store Manager will execute a Confidentiality and Non-Disclosure Agreement in the form of Exhibit C. If Franchisee and its Affiliates operate more than one Cowboy Chicken store, then Franchisee may, with Franchisor's approval, designate a Store Manager to be a District Manager.

(c) **Other Personnel.** Franchisee will be solely responsible for all employment and personnel decisions involving its Personnel, including but not limited to the hiring, firing, discipline, supervision, direction, scheduling, and compensation of such additional managers and support personnel for the Store. Franchisee will ensure that each such Personnel receive the Initial Training and any additional training that Franchisor requires. Franchisor will not be involved in, or responsible for, training, employment, compensation or any other personnel matters and decisions made by Franchisee, as further described in Section 19(d).

14. RECORDS, AUDITS, AND INSPECTIONS.

(a) Accounting and Records.

Franchisee will obtain and be solely responsible for its own accounting services and any required hardware or software related thereto. Franchisee will at all times maintain accurate and complete records as specified in the Manuals, including, without limitation, sales, inventory and expense information, in order to generate the reports requested by Franchisor. To the extent that Franchisor may provide support for accounting software used by Franchisee, such support will only be provided with respect to the accounting software then used by Franchisor in the operation of its Cowboy Chicken stores.

(b) Inspections and Audits.

Franchisor and its designated agents or representatives will have the right at any time, provided Franchisor will use reasonable efforts to avoid any disruption of or interference with the operation of the Store during normal business hours, to:

(1) obtain samples of any Products, ingredients and supplies for testing and analysis (including without limitation analysis of the conditions of sanitation and cleanliness of the storage, production, handling and serving of such Products, ingredients and supplies);

(2) enter the Premises, observe, photograph and videotape the operations of the Store for such consecutive or intermittent periods as Franchisor deems necessary and otherwise inspect the Store (including without limitation inspections by third party vendors retained by Franchisor to perform "mystery shops"; in the event the Store fails any such mystery shop, Franchisee will reimburse Franchisor for all costs and fees associated with such mystery shop within ten days of Franchisor's delivery of an invoice to Franchisee);

(3) consult with Personnel and customers of the Store;

(4) perform KPI Assessments and advise Franchisee of corrective actions that must be taken for any key performance level described in the Manuals that Franchisee fails to satisfy upon any such KPI Assessment; and

(5) inspect, examine, audit, and copy any books and records relating to the operation of the Store. Franchisee will fully cooperate with Franchisor in connection with any such activities; present to its customers such evaluation forms that Franchisor periodically prescribes; and participate and/or request its customers to participate in any surveys performed by Franchisor or on its behalf. Franchisor will notify Franchisee in writing of any unsatisfactory conditions discovered as it deems appropriate, and, if notified, Franchisee will promptly correct and repair, as applicable, any such conditions. Any audit, examination, or inspection will be at Franchisor's cost and expense unless Franchisor is conducting the audit, examination, or inspection due to Franchisee's failure to submit reports, or unless the reports submitted by Franchisee for the Reporting Period show an understatement of Gross Sales by 1.25% or more and/or a corresponding underpayment of Royalty Fees, Brand Contribution and/or Local Marketing Expenditure, in which cases all reasonable and necessary costs and expenses related to such examination will be paid by Franchisee (including, without limitation, reasonable accounting and attorneys' fees). Franchisee will immediately pay Franchisor upon demand any deficiency in any fees plus interest as specified in Section 4. These remedies will be in addition to any other remedies Franchisor may have at law or in equity.

(c) **Financial Reports.** Within 30 days after the end of each calendar month, Franchisee will deliver to Franchisor an unaudited profit and loss statement and balance sheet with respect to the operation of the Store during the immediately preceding calendar month. Within 45 days after the end of each fiscal year, Franchisee will deliver to Franchisor an annual unaudited profit and loss and source and use of funds statements and a balance sheet as of the end of such fiscal year. Franchisee will also

deliver to Franchisor any other financial data, tax statements or other financial reports that Franchisor may reasonably periodically request, in the form, manner, and frequency requested. Each report will be signed or otherwise verified by Franchisee that such data, statement and reports are true, accurate and complete.

15. INSURANCE.

(a) **Minimum Requirements.** Franchisee must obtain and maintain in effect for the Store the insurance policies set forth in Exhibit I, as may be amended by Franchisor from time to time. The insurance policies and limits described in Exhibit I will not limit, and are independent of, the indemnification obligations under this Agreement.

(b) **Proof of Insurance.** Within 30 days after the execution of the Lease or purchase of the premises for the Store and, thereafter, at least 10 days after each policy renewal date, Franchisee will deliver to Franchisor evidence of such insurance in the form of certificates evidencing such coverage as well as endorsements reflecting the requirements of this Section 15 and all language wherever found in the policies that related to the determination of who is an additional insured, and the scope of the additional insured's coverage. Franchisor has the right, but not the obligation to inspect any actual policies required under this Agreement for compliance with all specified coverage, terms, conditions, endorsements, and limits relative to this Agreement.

(c) **Franchisor-Placed Insurance.** If Franchisee fails or refuses to maintain any required insurance coverage, or to furnish satisfactory evidence thereof, Franchisor, at Franchisor's sole option and in addition to Franchisor's other rights and remedies hereunder, may obtain such insurance coverage on Franchisee's behalf. If Franchisor does so, Franchisee must fully cooperate with Franchisor in Franchisor's effort to obtain such insurance policies and must pay Franchisor any costs and premiums that Franchisor incurs. Franchisee's obligation to maintain insurance coverage is not diminished in any manner by reason of any

separate insurance Franchisor may choose to maintain, nor does it relieve Franchisee of any of its obligations under this Section 15.

(d) **Franchisee Acknowledgment as to Minimum Insurance Requirements.** Franchisee acknowledges and agrees that the coverages required by Franchisor are the minimum amounts of coverage that Franchisee must procure under this Agreement. Franchisee is free to buy additional insurance coverage or increase the amounts of coverage as Franchisee deems appropriate based on Franchisee's investigation as to whether additional coverages or higher amounts are necessary. FRANCHISEE FURTHER ACKNOWLEDGES AND AGREES THAT FRANCHISEE IS NOT RELYING UPON FRANCHISOR TO DETERMINE THE AMOUNT OR TYPE OF INSURANCE COVERAGE NECESSARY FOR FRANCHISEE. FRANCHISEE RELEASES FRANCHISOR FROM ANY AND ALL CLAIMS RELATING TO THE PROCUREMENT OF INSURANCE INCLUDING CLAIMS THAT FRANCHISOR DID NOT REQUIRE FRANCHISEE TO PROCURE ADEQUATE INSURANCE.

16. PROTECTION OF MARKS AND RELATED INTELLECTUAL PROPERTY.

(a) **Goodwill in Marks and Intellectual Property.** Franchisor or its Affiliates are the exclusive owner of the Marks and all other Intellectual Property provided or to be provided to Franchisee. Franchisee's right to use the Marks and any other Intellectual Property is derived solely from this Agreement and limited to its operation of the Store pursuant to and in compliance with this Agreement. Franchisee's use of the Marks and any goodwill associated with such use and any other Intellectual Property will be exclusively for Franchisor's benefit, and this Agreement does not confer any goodwill or other interests in the Marks or other Intellectual Property upon Franchisee.

(b) **Limitations on Franchisee's Use of Marks.** Franchisee will use the Marks as the sole identification of the Store, except that

Franchisee must identify itself as the independent owner thereof in the manner Franchisor prescribes. Franchisee may not use any Mark as part of any Entity name or with any prefix, suffix, or other modifying words, terms, designs, or symbols (other than logos licensed to Franchisee hereunder), or in any modified form, nor may Franchisee use any Mark in connection with the performance of any unauthorized services or sale of any unauthorized products; as part of any domain name, electronic address, metatag, or otherwise on the Internet or in connection with any website (unless expressly authorized in writing by Franchisor); or in any other manner that Franchisor has not expressly authorized in writing. Franchisee will display the Marks in the manner Franchisor prescribes at the Store, on supplies or materials Franchisor designates, and in connection with forms and advertising and marketing materials. Franchisee's unauthorized use of the Marks will be an Event of Default and an infringement of Franchisor's rights in and to the Marks.

(c) Intellectual Property Rights.

Franchisor will be the sole owner of all right, title and interest in and to any Intellectual Property created as a result of or related to the operation of the Store and any improvements, modifications or derivative works of Franchisee's operation of the Store in compliance with the Standards or other activities under this Agreement. Franchisor does not grant Franchisee any ownership interest or right with respect to any Intellectual Property created as a result of Franchisee's operation of the Store. A default under or termination of this Agreement will not impact Franchisor's rights in the Intellectual Property.

Franchisee does hereby, on behalf of itself and on behalf of its Principals, Affiliates and its and their respective Personnel, without reservation, irrevocably sell, assign, transfer and convey, and will be deemed to have irrevocably sold, assigned, transferred, and conveyed to Franchisor, its successors, assigns and legal representatives, all right, title and interest (past, present, future, and throughout the world) in and to any rights to any Intellectual Property related to the operation of the Store; and any and all

claims, of any nature whatsoever, for past, present or future infringement or violation of such Intellectual Property rights.

If Franchisee, its Principals or Affiliates or its and their respective Personnel has any rights to work product that cannot be assigned to Franchisor, Franchisee, its Principals and Affiliates and its and their respective Personnel, as applicable, unconditionally and irrevocably waives the enforcement of such rights, and if such rights cannot be waived, Franchisee, on behalf of itself, its Principals and Affiliates and its and their respective Personnel, hereby grants to Franchisor a fully paid-up, exclusive, irrevocable, perpetual, worldwide license to display, copy, distribute, perform or use in any manner and to make derivative works of the work product. Franchisee will assist Franchisor to register and record (as may be required by Applicable Law or requested by Franchisor), and from time to time enforce, all rights in the Intellectual Property, and other rights and protections relating to the work product created hereunder in any and all countries. Franchisee will execute (and cause its Principals, Affiliates and its and their respective Personnel) any documents and take any other actions reasonably necessary to effectuate the purposes of this Section 16(c). Franchisee will include the requirements of this Section 16(c) in all agreements with its Principals, Affiliates and Personnel.

(d) Notification of Infringements and Claims.

Franchisee will notify Franchisor immediately of any apparent infringement or challenge to its use of any Mark or other Intellectual Property, or of any claim by any Person of any rights in any Mark or other Intellectual Property, and will not communicate with any Person other than Franchisor and its attorneys, and Franchisee's attorneys, in connection with any such infringement, challenge or claim. Franchisor has the sole right and option to take such action as it deems appropriate and the right to control exclusively any litigation arising out of any such infringement, challenge or claim or otherwise relating to any Mark or other Intellectual Property, including the taking of such legal steps

as may be available to Franchisor under Applicable Law to prevent infringement of the rights granted under this Agreement. Franchisee will sign any and all instruments and documents, render such assistance and do such acts and things as, in the opinion of Franchisor's attorneys, may be necessary or advisable to protect and maintain Franchisor's interests in the Marks or other Intellectual Property.

(e) **Discontinuance of Use of Marks or Intellectual Property.** Franchisor may, at any time, at its sole option, require Franchisee to use any additional or alternative Marks or other Intellectual Property. If Franchisor deems it advisable to modify or discontinue the use of any Mark or other Intellectual Property and/or use one or more additional, alternative or substitute trade or service marks, Franchisee will comply with Franchisor's directions within a reasonable time after receiving Notice from Franchisor. All costs and expenses relating to the modification or discontinuance of the use of any Mark, other Intellectual Property and/or the use of one or more additional, alternative or substitute trade or service marks will be paid by Franchisee. All provisions of this Agreement applicable to Marks and other Intellectual Property apply to any additional, alternative or substitute trade and service marks or other commercial symbols that Franchisor authorizes Franchisee to use pursuant to this Agreement.

17. ANTI-CORRUPTION, ANTI-BOYCOTT, AND ANTI-TERRORISM LAWS.

Franchisee and each Principal represents and warrants to Franchisor that: (i) neither Franchisee nor, to the best of its knowledge after reasonable inquiry, any of Franchisee's Principals or any executive officer of Franchisee 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 (text available at www.treas.gov/offices/enforcement/ofac/); (ii) neither Franchisee nor any Principal is directly or indirectly owned or controlled by the

government of any country that is subject to a United States embargo; (iii) neither Franchisee nor any Principal acts or will act directly or indirectly on behalf of the government of any country that is subject to a United States embargo; and (iv) neither Franchisee nor any of Franchisee's Principals or executive officers have violated, and Franchisee will not violate and will cause Franchisee's Principals and executive officers not to violate, any Applicable Law prohibiting 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 13224 (text available at <http://www.treasury.gov/resourcecenter/sanctions/Programs/Documents/terror.pdf>), or any similar Applicable Law. The foregoing constitute continuing representations and warranties, and Franchisee will immediately notify Franchisor in writing of the occurrence of any event or the development of any circumstance that might render any of the foregoing representations and warranties of this Section 17 incorrect, false, inaccurate, or misleading, or which constitutes a breach of any of the covenants of this Section 17.

18. TRANSFERABILITY OF INTEREST.

(a) **Transfer by Franchisor.** This Agreement is and any of Franchisor's rights, obligations and interests herein are fully assignable by Franchisor, in whole or in part, without the consent of Franchisee, and inures to the benefit of any assignee or other legal successor to the interests of Franchisor; if any such assignee expressly agrees to assume Franchisor's obligations under this Agreement, then upon such assumption Franchisor and its Affiliates will be fully released of any and all liabilities hereunder. Franchisor may also assign any or all of its rights, obligations and interests under this Agreement to an Affiliate; sell or encumber its assets, its Marks or its System to any third party; merge, acquire other Entities or be acquired by another Entity; engage in a public offering of its securities; engage in a private placement of some or all of its securities;

or undertake a refinancing, recapitalization, leveraged buy-out or other economic or financial restructuring; provided that the new owner of an Entity will assume all of Franchisor's obligations hereunder. Franchisor may take or perform any such actions without liability or obligation to Franchisee and Franchisee expressly waives any claims, demands or damages arising from or related to any or all of the above actions or variations thereof. In the event of the sale of a Controlling Interest in Franchisor or its parent company or substantially all of Franchisor's or its parent company's assets to a third party, Franchisor may, at its sole option and in connection with such sale, purchase the Store for fair market value upon prior Notice to Franchisee and in accordance with the Purchase Terms and Conditions set forth in Exhibit H.

(b) **Transfer by Franchisee:** The rights and duties created by this Agreement are personal to Franchisee, and Franchisor has granted rights under this Agreement in reliance upon the business skill, financial capacity and personal character of Franchisee and its Principals. Accordingly, no Transfer is permitted or authorized without Franchisor's prior written approval, subject to the conditions below.

(c) **Conditions for Approval of Transfer.** If the proposed Transfer by Franchisee is of this Agreement, Control of Franchisee or substantially all of Franchisee's assets, or is one of a series of Transfers (regardless of the time period over which such Transfers occur) which in the aggregate constitute the Transfer of this Agreement or Control of Franchisee, and if Franchisor has not exercised its right of first refusal under Section 18(f), Franchisor will approve a Transfer only if the conditions set forth in Section 18(c), as may be amended by Franchisor from time to time, are met prior to or concurrently with the proposed effective date of the Transfer:

(1) Franchisee (and its Principals, if Franchisee is not publicly traded) has paid all Royalty Fees and all other amounts owed to Franchisor and its Affiliates (including without

limitation Event of Default Fees, if any), submitted all required Reports and other statements and data and otherwise are in full compliance with this Agreement as of the date of Franchisee request for approval of the Transfer and as of effective date of the Transfer.

(2) The proposed transferee (and its direct and indirect owners): (i) have sufficient business experience, aptitude, assets and financial resources to operate the Store; (ii) are individuals of good character and otherwise meet Franchisor's then-applicable Standards for Store franchisees; (iii) are not engaged and will not engage in the operation or ownership of a Competitive Business, and will engage only in the operation of the Store; and (iv) will cooperate with reasonable due diligence requests made by Franchisor promptly thereafter and if additional time is reasonably needed, then prior to the proposed effective date of the Transfer.

(3) The transferee and its owners as specified by Franchisor will complete the Initial Training program and provide Franchisor with a business plan for the Store acceptable to Franchisor.

(4) The transferee and each of its owners specified by Franchisor will agree to be bound by all of the terms and conditions of Franchisor's then-current form of franchise agreement and sign the ancillary agreements and documents Franchisor requires for Store franchisees and any principal.

(5) Franchisee and the transferee and its owners have agreed to the terms of a purchase and sale agreement for the Operating Assets and assumption of any lease of the Premises and any applicable equipment.

(6) Franchisee or the transferee pays to Franchisor a Transfer Fee in connection with the Transfer, including the costs and expense of Initial Training as required above.

(7) Franchisee (and its transferring Principals if Franchisee is not publicly traded) and Franchisor have executed a general release, in form satisfactory to Franchisor, releasing

Franchisor Indemnitees from any and all claims arising out of the operation of the Store, excluding claims related to the operation of the Store by Franchisee or any Principal which have not been expressly assumed by the transferee and its owners and those claims which cannot be released under Applicable Law.

(8) Franchisee and each Principal must have complied with any other conditions that Franchisor reasonably requires from time to time as part of its transfer policies, provided that such conditions will not be more stringent than any conditions otherwise imposed on new franchisees signing the then-current franchise agreement.

(d) **Effect of Franchisor's Consent.** Any Transfer without Franchisor's consent constitutes an Event of Default rendering such Transfer void and of no effect. Franchisor's consent to a Transfer does not constitute a representation as to the fairness of the terms of any contract between Franchisee and the transferee, a guarantee of the prospects of success of the Store or transferee, or a waiver or release of any claims Franchisor may have at any time against Franchisee (or its Principals) or of its right to demand the transferee's exact compliance with any of the terms or conditions of this Agreement.

(e) **Transfer Upon Death or Permanent Disability.** If any Principal that holds a Controlling Interest in Franchisee dies or becomes Permanently Disabled and Franchisor determines that such death or disability adversely affects the operation of the Store under this Agreement, such Principal's executor, administrator, or other personal representative must Transfer such Principal's interest in this Agreement or his or her interest in Franchisee (including Transfer by bequest or inheritance) to a third party approved by Franchisor in accordance with Section 18(c) within a reasonable period of time, not to exceed 6 months from the date of death or Permanent Disability. A failure to Transfer the interest of any such Principal in this Agreement or Controlling Interest in Franchisee within this

period of time in accordance with the foregoing constitutes an Event of Default.

(f) **Franchisor's Right of First Refusal.** If Franchisee or any of Franchisee's Principals desire to make a Transfer, Franchisee or such Principal must obtain a bona fide, executed written offer and earnest money deposit in the amount of at least 5% of the offering price from a responsible and fully disclosed purchaser and must deliver immediately to Franchisor a true, accurate and complete copy of such offer. If the offeror proposes to buy any other property or rights from Franchisee or any Principals or Franchisee's Affiliates (other than rights under development agreements or other franchise agreements for Stores) as part of the bona fide offer, the proposal for such property or rights must be set forth in a separate, contemporaneous offer that is disclosed to Franchisor, and the price and terms of purchase offered to Franchisee or the Principals for the Transfer must reflect the bona fide price offered therefor and may not reflect any value for any other property or rights.

Franchisor has the option, exercisable by notice delivered to Franchisee or the Principals, as applicable, within 30 days from the date of delivery of a complete and accurate copy of such offer to Franchisor, to purchase such interest for the price and on the terms and conditions contained in such offer, provided that: (a) Franchisor may substitute cash for any form of payment proposed in such offer; (b) Franchisor's credit will be deemed equal to the credit of any proposed purchaser; and (c) Franchisor will have not less than 30 days from the option exercise date to consummate the transaction. Franchisor has the right to investigate and analyze the business, assets and liabilities and all other matters Franchisor deems necessary or desirable in order to make an informed investment decision with respect to the fairness of the terms of Franchisor's right of first refusal. Franchisor may conduct such investigation and analysis in any manner Franchisor deems reasonably appropriate and Franchisee and its Principals must cooperate fully with Franchisor in connection therewith.

If Franchisor exercises its option to purchase, Franchisor is entitled to purchase such interest subject to all representations and warranties, releases, noncompetition covenants, closing documents and indemnities as Franchisor reasonably may require. If Franchisor does not exercise its option to purchase, Franchisee or its Principals may complete the sale to such offeror pursuant to and on the exact terms of such offer, subject to Franchisor's approval of the Transfer; provided that if the sale to such offeror is not completed within 30 days after delivery of such offer to Franchisor, or if there is a material change in the terms of the offer, Franchisee must promptly notify Franchisor and Franchisor will have an additional option to purchase (on the terms of the revised offer, if any, and otherwise as set forth herein) during the 30- calendar day period following Franchisee's notification of the expiration of the 30-calendar day period or the material change to the terms of the offer.

(g) **Securities.** Franchisee will be permitted to engage in the public and/or private issuance of stock, notes, bonds and other securities during the term, provided that such issuance of securities are in compliance with all Applicable Law in effect at the time of such issuance; prior to offering for sale such stock, notes, bonds or other securities, Franchisee secures Franchisor's written approval, which consent will not be unreasonably withheld; and Franchisee pays the Offering Fee to Franchisor. Franchisee further must secure Franchisor's consent to any and all press releases, news releases and any and all other publicity, the primary purpose of which is to confirm the description of the relationship between Franchisor and Franchisee is true, accurate and complete in Franchisee's offering. Only after Franchisor has provided its written approval may Franchisee proceed to file, publish, issue and release and make public any said data, material and information regarding the securities offering. Franchisee will not imply that Franchisor is participating in the underwriting, issuance or offering of such securities. Franchisee acknowledges and agrees that any review by Franchisor is solely for its own information and its approval does not constitute

any kind of authorization, acceptance, agreement, endorsement, approval or ratification of the same, either expressly or implied. Franchisee may make no oral or written notice of any kind whatsoever indicating or implying that Franchisor and/or its Affiliates have any interest in the relationship whatsoever to the proposed securities offering other than acting as Franchisor. Franchisee will indemnify, defend and hold the Franchisor Indemnitees harmless from all Losses and Expenses arising from Franchisee's offering of information published or communicated in actions taken in that regard.

19. RESTRICTIVE COVENANTS.

Franchisee recognizes that Franchisor has developed and owns the goodwill in the Brand and must protect the Marks, Confidential Information, and System. Franchisee and its Principals each acknowledges and agrees that the access to and use of Confidential Information authorized by this Agreement are among the consideration for the restrictive covenants set forth in Section 19(a), and Franchisee and its Principals each further acknowledges and agrees that the restrictive covenants set forth in Section 19(a) are necessary to prevent Franchisor from suffering irreparable harm. THE FOREGOING ACKNOWLEDGMENTS AND AGREEMENTS ARE A MATERIAL INDUCEMENT FOR FRANCHISOR TO ALLOW FRANCHISEE AND ITS PRINCIPALS TO HAVE ACCESS TO AND USE CONFIDENTIAL INFORMATION.

(a) **Non-Compete.** Franchisee and its Principals covenant and agree that during the Term, and for a continuous uninterrupted period of two years following its expiration, termination, or an approved Transfer and with respect to a Principal, following the date the Principal ceases to be a Principal under this Agreement, Franchisee and each of its Principals, as applicable, will not, without Franchisor's prior written consent, either directly or indirectly, for itself or themselves, or through, on behalf of, or in conjunction with, any Person or Entity:

(1) Divert or attempt to divert any actual or prospective business or customer of the Store to any Competitive Business, by direct or indirect inducement or otherwise.

(2) Do or perform, directly or indirectly, any other act injurious to or prejudicial to the goodwill associated with the Marks and the System.

(3) Own, maintain, operate, be employed by, engage in, franchise, lease property to, advise, help, make loans to, or have any interest in, either directly or indirectly, any Competitive Business.

During the Term, this restriction applies to any Competitive Business located within the United States. Following the expiration of the Term, termination of this Agreement, or an approved Transfer of this Agreement and with respect to a Principal, following the date the Principal ceases to be a Principal under this Agreement, this restriction will apply to any Competitive Business located: (i) within the Designated Area; (ii) at or within five miles of the Store; or (iii) within ten miles of any Cowboy Chicken stores then operating or under construction in the United States or outside the United States, except as otherwise approved in writing by Franchisor.

If any part of these restrictions is found to be unreasonable in time or distance, each month of time or mile of distance may be deemed a separate unit so that the time or distance may be reduced by appropriate order of the court to that deemed reasonable. If, at any time during the two-year period following the expiration, termination, or approved Transfer of this Agreement or the date any Principal ceases to be a Principal under this Agreement, Franchisee or any of its Principals fail to comply with its obligations under this Section 19(a), that period of non-compliance will not be credited toward satisfaction of the two-year period.

(b) **Non-Disclosure of Confidential Information.** Franchisee and its Principals each acknowledges that Franchisor may provide Franchisee and its Principals with Confidential

Information that derive value from not being generally known in the industry that are reasonably necessary for the operation of the Store and that Franchisee has entered into this Agreement in order to use such Confidential Information to the economic benefit of Franchisee. Franchisee agrees that Confidential Information remains the sole property of Franchisor. Franchisor will take reasonable steps to mark as "confidential" or "proprietary" any Confidential Information that it deems as such, but the failure to mark such Confidential Information will not cause it to be public information. Franchisee and each of its Principals will not use, duplicate or disclose to others any Confidential Information except as expressly authorized by Franchisor in writing and will implement measures to maintain the confidentiality of such Confidential Information that is no less strict than the measures Franchisee uses with its own confidential information. To the extent that any Confidential Information is to be provided to Franchisee's advisors, representatives, agents or any Personnel, each of them must use such Confidential Information solely in connection with their respective roles with the Store and execute a Confidentiality and Non-Disclosure Agreement in the form of Exhibit C of this Agreement.

(c) **Ownership.** All Confidential Information furnished or disclosed by Franchisor to Franchisee or any of its Principal or otherwise obtained by Franchisee or its Principals is and will remain the property of Franchisor. Any reproductions, notes, summaries or similar documents relating to the Confidential Information, and any files, memoranda, reports, price lists, proprietary information, and other documents relating to the System, will become and remain the Intellectual Property of Franchisor immediately upon their creation and Franchisor will own all rights, title and interest in such Intellectual Property in accordance with Section 16(c) (Intellectual Property Rights). Upon expiration or termination of this Agreement, Franchisee will immediately return all copies of such Confidential Information and Intellectual Property to Franchisor. Franchisee must promptly reveal to Franchisor any

discoveries, inventions, innovations or improvements made by Franchisee, its Principal, Personnel or independent contractors relating to the System, or any Confidential Information. Further, all proprietary interests in any devices, information, know-how, materials, methods, processes and techniques utilizing those discoveries, inventions, innovations and improvements are Franchisor's Intellectual Property.

(d) **Interference with Employees.** Franchisee acknowledges that it is an independent business and responsible for the control and management of the day-to-day operations of the Store, its Personnel and the Personnel of its Affiliates (as Franchisee) in the development and operation of the Stores, including but not limited to the hiring and discharging of Franchisee's and its Affiliates' Personnel and setting and paying wages and benefits of Franchisee's and Franchisee's Affiliates' Personnel. Franchisee acknowledges that Franchisor has no power, responsibility or liability in any respect to the hiring, discharging, setting and paying of wages or related matters, as the sole power, responsibility and liability for such matters rest exclusively with Franchisee and its Affiliates. Franchisee further acknowledges that none of its Personnel will be deemed to be an employee of Franchisor or its Affiliates for any purpose whatsoever, and no act by Franchisor to protect the Brand including but not limited to the System or Marks shifts any employee or employment-related responsibility from Franchisee to Franchisor.

(e) **Severability and Enforceability of Covenants.** Each of the covenants contained in this Section 19 will be considered separate and independent from each other. If any covenant in this Agreement which restricts competitive activity is deemed unenforceable for any reason, but would be enforceable by reducing or substituting any part of it in accordance with Section 28(b), such covenant will be enforced to the fullest extent permissible under Applicable Law.

20. DEFAULT AND TERMINATION.

(a) **Events of Default.** The occurrence of any of the following will adversely and substantially affect the interests of Franchisor and will be deemed an Event of Default constituting just cause for exercising any of the remedies set forth herein.

(1) Franchisor may terminate this Agreement upon delivery to Franchisee of Notice as a result of the occurrence of any of the following Events of Default and Franchisee's failure to cure such Event of Default within the cure period described below, if any, and absent a cure period, immediately upon Franchisor's Notice to Franchisee:

(A) Franchisee (or any of its Principals or Affiliates) has made any material misrepresentation or omission in connection with this Agreement that negatively impacts Franchisor;

(B) Franchisee fails to acquire the Premises in accordance with Sections 5(a)-5(c);

(C) Franchisee fails to develop and finish out the Store in accordance with Section 5(e) and the Standards and fails to cure such default within 30 days after Notice of such Event of Default is delivered to Franchisee;

(D) Franchisee fails to begin operating the Store as of the Opening Date, or if no Opening Date has been agreed upon, the Opening Deadline and fails to cure such default within 30 days after Notice of such Event of Default is delivered to Franchisee;

(E) Franchisee fails to maintain at all times during the operation of the Store an Operating Principal and Store Manager who has completed Initial Training, and fails to cure such default within 30 days after Notice of such Event of Default is delivered to Franchisee;

(F) Franchisee abandons or fails actively to operate the Store for two or more consecutive calendar days or on any federally

recognized United States holiday (except those holidays on which all Cowboy Chicken stores will be closed to the public, as set forth in the Manuals), unless the Store has been closed for a purpose Franchisor has approved in writing or because of an Event of Force Majeure;

(G) Franchisee surrenders or transfers Control of the operation of the Store without Franchisor's prior written consent;

(H) Franchisee (or any of its Principals or Affiliates) is or has been held liable or convicted by a court of law, pleads or has pleaded no contest to, a felony, indictable offense or other unlawful act, engages in any dishonest or unethical conduct or otherwise engages in any act or conduct which Franchisor believes will materially and adversely affect the reputation of the Brand, the Store, any other Cowboy Chicken stores or the goodwill associated with Marks;

(I) Franchisee's misuse or unauthorized use of the Marks, including without limitation Franchisee's misuse or unauthorized use of the Marks on its Social Media pages or other Internet site, or registration of a domain name incorporating the Marks;

(J) Franchisee (or any of its Principals or Affiliates) makes an unauthorized Transfer pursuant to Section 18;

(K) Franchisee (or any of its Principals or Affiliates) makes any unauthorized use or disclosure of any Confidential Information or uses, duplicates or discloses any portion of the Manuals in violation of this Agreement;

(L) Franchisee, Franchisee's Principals or Operating Principal fails to comply with or perform its covenants, representations and warranties in this Agreement, including without limitation the representations, warranties and covenants set forth in Section 12, the representations and warranties with respect to anti-corruption, anti-boycott and antiterrorism laws set forth in Section 17 and the restrictive

covenants against competition set forth in Section 19;

(M) Franchisee fails to pay any fees or other amounts due hereunder to Franchisor within five days after Notice of nonpayment is delivered to Franchisee;

(N) Franchisee understates Gross Sales or fails to accurately report Gross Sales, and does not correct such failure within three days after Notice of such failure is delivered to Franchisee;

(O) Franchisee refuses to permit Franchisor or its agents entry to inspect the Store and does not cure such default within 24 hours after Notice of default is delivered to Franchisee;

(P) Franchisee violates or receives notice of violation of any order, regulation, Standard or Applicable Law relating to health, sanitation or food safety and does not cure such default within 24 hours after Notice of default is delivered to Franchisee;

(Q) Franchisee fails to maintain insurance in accordance with Section 15 and does not cure such default within 24 hours after Notice of default is delivered to Franchisee;

(R) Franchisor has delivered a Notice of termination of another franchise agreement with Franchisee or its Affiliate, an area development agreement with Franchisee or any of its Affiliates (as developer), any other agreement between Franchisee or its Affiliate and Franchisor or its Affiliates, or Franchisee has terminated a Franchise Agreement without cause;

(S) Franchisee suffers cancellation or termination of the Lease or fails to materially perform or observe any provision of any Lease and to cure such failure within the applicable cure period under such Lease, if any; and

(T) Franchisee fails to pay when due any income, withholding, service, sales or any other applicable taxes due on the Store's

operations, unless it is in good faith contesting its liability for such taxes and has effectively stayed the enforcement of liability for such taxes.

(U) Franchisee fails to pay when due any invoiced amounts to a Designated Supplier of Products Franchisee is required to offer, sell or use in the operation of the Store.

(V) Franchisee fails to achieve a passing score for a KPI Assessment as described in the Manuals for two or more consecutive KPI Assessments within any 12 month period.

(2) Except as provided in Section 20, Franchisor may terminate this Agreement for failure by Franchisee (or any of its Principals) to comply with any other material provision of this Agreement, including, without limitation, the representations and warranties contained in this Agreement, or any Standard material to operation of the Store within 30 days after Notice of such Event of Default is delivered to Franchisee.

(3) Termination for Repeated Default. This Agreement will terminate immediately upon delivery of Notice to Franchisee if Franchisee (or any of its Principals) fails on three or more separate occasions within any period of 12 consecutive months to do any one or more or combination of the following: (1) submit when due reports or other data, information or supporting record; (2) pay when due any amounts due to Franchisor or its Affiliates; or (3) otherwise materially comply with this Agreement, whether or not such failures are corrected after Notice of such failure is delivered to Franchisee.

(4) Termination for Insolvency. This Agreement will automatically terminate upon any of the following: if any bankruptcy proceeding is commenced by or against Franchisee (or any Affiliate or Principal), the Franchisee makes an assignment for the benefit of creditors or admits in writing its insolvency or inability to pay its debts generally as they become due; Franchisee consents to the appointment of a receiver, trustee or liquidator

of all or the substantial part of its property; the Store is attached, seized, subjected to a writ or distress warrant or levied upon, unless such attachment, seizure, writ, warrant or levy is vacated within 30 days after Notice from Franchisor; or any order appointing a receiver, trustee or liquidator of Franchisee or the Store is not vacated within 30 days following the entry of such order.

(5) Termination for Violation of Applicable Law. This Agreement will terminate immediately upon delivery of Notice to Franchisee if Franchisee (or any of its Principals or Affiliates) violates any Applicable Law or has any necessary license or certification (including without limitation Franchisee's liquor license or food service license) revoked or suspended in whole or in part.

(b) Event of Default Fee. If Franchisor provides Notice with respect to any Events of Default and in consideration of the rights granted in this Agreement and rights deferred by Franchisor, and due to the difficulty of establishing the precise amount of damages for breach of these obligations, in addition to all other remedies provided for in this Agreement or otherwise available to Franchisor, Franchisee will pay Franchisor, as liquidated and agreed-upon damages (as a bona fide pre-estimate of damages and not a penalty) for each Event of Default in a calendar year, an Event of Default Fee. The Event of Default Fee under this Section 20(b) must be paid to Franchisor, at its sole option, within five days of receipt of Notice from Franchisor. Franchisor may, in addition to or in lieu thereof, pursue other remedies, including termination of this Agreement pursuant to Section 20(a) or otherwise available pursuant to Applicable Law. Payment to Franchisor of any amount provided for in this Section 20(b) will not constitute an election of remedies by Franchisor or excuse performance of Franchisee's obligations hereunder. Any payments received will be in addition to and not in lieu of any other remedies available to Franchisor at law or in equity. If Franchisor imposes the Event of Default Fee under this Section 20(b) for any Event of Default, Franchisor may thereafter terminate this

Agreement pursuant to Section 20(a) for a subsequent violation.

21. EFFECT OF TERMINATION, EXPIRATION, OR NONRENEWAL.

Upon expiration or termination of this Agreement:

(a) **Payment of Amounts Owed.** Franchisee will pay to Franchisor within 15 days after the effective date of expiration or termination of this Agreement, or on such later date that the amounts due are determined, such fees, amounts owed for purchases from Franchisor or its Affiliates, interest due on any of the foregoing and all other amounts owed to Franchisor or its Affiliates which are then unpaid. If this Agreement is terminated by Franchisor following the occurrence of an Event of Default and Franchisee's failure to cure within any applicable cure period, Franchisee will within 30 days following the effective date of such termination pay Franchisor in a single lump sum payment, as liquidated damages and not as a penalty, as follows: (i) where there are less than two years remaining in the Term, the greater of (A) the average Royalty Fee paid by Franchisee per month during the previous two years of operation of the Store multiplied by the number of months remaining in the Term and (B) \$400,000; and (ii) where there are two or more years remaining in the Term and the Store has operated for at least two years, the greater of (A) \$500,000 and (B) the average Royalty Fee paid by Franchisee per month during the previous two years of operation of the Store multiplied by 24 months (or, where the Store has operated for less than two years, the average aggregate Royalty Fee paid by all Cowboy Chicken franchisees for the month that termination of this Agreement is effective multiplied by 24 months). Franchisee acknowledges and agrees that the liquidated damages provided for in this Section 21(a) are a fair and reasonable approximation of the amount of damages sustained by Franchisor. Payment to Franchisor of such liquidated damages will not constitute an election of remedies by Franchisor or excuse performance of Franchisee's post-termination obligations hereunder. Any

payments received will be in addition to and not in lieu of any other remedies available to Franchisor at law or in equity. In addition, Franchisee will pay all amounts owed to any Designated Supplier.

(b) **Marks.** Franchisee may not directly or indirectly at any time or in any manner use any Mark, including any use of Marks in a derogatory, negative, or other inappropriate manner in any media, including, but not limited to, print or electronic media; use any colorable imitation of a Mark in any manner or for any purpose; utilize for any purpose any trade name, trade or service mark or other commercial symbol or other indicia that indicates or suggests a connection or association with Franchisor or the Store; identify any business as a former Store; or identify itself as one of Franchisor's licensees or franchisees (except with respect to other Cowboy Chicken stores Franchisee owns and operates under continuing agreements with Franchisor). Franchisee will take such action as may be required to cancel all fictitious or assumed names or equivalent registrations relating to its use of any Mark.

(c) **System and Manuals.** Franchisee will immediately cease to use the System and Confidential Information in any business or otherwise; and return to Franchisor all Confidential Information, including without limitation, copies of the Manuals and any other proprietary or confidential materials that Franchisor has loaned to Franchisee.

(d) **Disassociation in Communication Methods.** Franchisee will assign to Franchisor (or its designee) or cancel any electronic mail address, domain name, search engine, website, or social media account that associates Franchisee with Franchisor, the Store, System, or Marks. Franchisee will notify the telephone company and all telephone directory publishers of the expiration or termination of Franchisee's right to use any telephone, telecopy, or other numbers and any telephone directory listings associated with any Mark, authorize the transfer of such numbers and directory listings to Franchisor, or, at Franchisor's direction, instruct the telephone company to forward all calls made

to Franchisee's telephone numbers to numbers Franchisor specifies.

(e) **Other De-Identification Obligations.** Franchisee will promptly and at its own cost and expense make such alterations as Franchisor specifies in the Manuals or otherwise to distinguish the Store clearly from its former appearance and from other Cowboy Chicken stores so as to prevent confusion therewith to the public. Within 30 days from the effective date of expiration or termination of this Agreement, Franchisee will deliver to Franchisor all Brand Property and all other signs, sign-faces, sign-cabinets, advertising and promotion materials, forms and other materials containing any Mark or otherwise identifying or relating to a Store and allow Franchisor, without liability to Franchisee or third parties, to remove all such items from the Store. Franchisee will furnish to Franchisor, within 30 days from the effective date of expiration or termination of this Agreement, with evidence satisfactory to Franchisor of its compliance with the foregoing obligations.

(f) **Restrictive Covenants and Continuing Obligations.** Franchisee will comply with the restrictive covenants set forth in this Agreement. Franchisee's (and its Affiliates' and Principals') obligations which expressly or by their nature survive the expiration or termination of this Agreement will continue in full force and effect subsequent to and notwithstanding its expiration or termination and until such obligations are satisfied in full or by their nature expire.

22. FRANCHISOR'S OPTION TO PURCHASE OPERATING ASSETS.

Upon expiration or termination of this Agreement, Franchisor has the option, exercisable by giving written Notice to Franchisee within 60 days from the effective date of expiration or termination, to purchase the Operating Assets, as applicable, according to the Purchase Terms and Conditions set forth in Exhibit H, as may be amended by Franchisor from time to time, including the fee simple or leasehold interest in the Premises (subject to

landlord's consent). Franchisor has the unrestricted right to assign this option. If Franchisor does not exercise its option to purchase under this Section 22, Franchisee may sell or lease the Store Premises to a third-party purchaser, provided that Franchisee's agreement with the purchaser includes a covenant by the purchaser, which is expressly enforceable by Franchisor as a third-party beneficiary, pursuant to which the purchaser agrees, for a period of two years after the expiration or termination of this Agreement, not to use the Premises for the operation of a Competitive Business.

If Franchisor does not exercise its option to purchase under this Section 22, Franchisor will provide written notice to Franchisee to immediately and permanently cease to use, in any manner whatsoever, (1) the Standards and any other confidential methods, procedures and techniques associated with the System; (2) all of the Marks trade names; and (3) all business forms, advertising and promotional materials, slogans, signs, symbols and devices associated with the System.

23. INDEMNIFICATION.

FRANCHISEE, ON ITS BEHALF AND ON BEHALF OF ITS AFFILIATES AND PRINCIPALS, WILL INDEMNIFY, DEFEND AND HOLD HARMLESS THE FRANCHISOR INDEMNITEES AGAINST AND REIMBURSE ANY ONE OR MORE OF THE FRANCHISOR INDEMNITEES FOR ANY AND ALL LOSSES AND EXPENSES ARISING OUT OR FROM OR RELATED TO, ANY CLAIMS, DIRECTLY OR INDIRECTLY, ARISING OUT OR FROM OR RELATED TO: (A) THE DEVELOPMENT, OPERATION OR CLOSING OF THE STORE; (B) ANY BREACH BY FRANCHISEE OR ANY PRINCIPAL OF THIS AGREEMENT, OR FRANCHISEE'S, ANY OF ITS AFFILIATES' OR PRINCIPALS', OPERATING PRINCIPAL'S OR ANY STORE MANAGER'S BREACH OF ANY OTHER AGREEMENT WITH FRANCHISOR OR ITS AFFILIATES; AND (C) THE MARKETING, PROMOTION OR ADVERTISEMENT OF THE STORES OR PRODUCTS OR THE SALE

OF ANY PRODUCTS OFFERED BY THE STORES, INCLUDING UNFAIR OR FRAUDULENT ADVERTISING CLAIMS (WHETHER IN PRINT ADVERTISING OR ELECTRONIC MEDIA), AND PRODUCT LIABILITY CLAIMS. FRANCHISOR HAS THE RIGHT, AT ITS OPTION, TO DEFEND ANY SUCH CLAIM AGAINST IT AT FRANCHISEE'S SOLE COST AND EXPENSE. IF FRANCHISEE DEFENDS ANY CLAIM, IT MAY NOT ENTER INTO ANY SETTLEMENT AGREEMENT OR OTHERWISE RESOLVE OR CONCLUDE THE MATTER WITHOUT FRANCHISOR'S PRIOR WRITTEN CONSENT. THIS INDEMNITY WILL CONTINUE IN FULL FORCE AND EFFECT SUBSEQUENT TO, AND NOTWITHSTANDING, THE EXPIRATION OR TERMINATION OF THIS AGREEMENT. UNDER NO CIRCUMSTANCES WILL FRANCHISOR OR ANY OTHER FRANCHISOR INDEMNITEES BE REQUIRED TO SEEK RECOVERY FROM ANY INSURER OR OTHER THIRD PARTY, OR OTHERWISE TO MITIGATE ITS OR FRANCHISEE'S LOSSES AND EXPENSES, IN ORDER TO MAINTAIN AND RECOVER FULLY A CLAIM AGAINST FRANCHISEE. ANY FAILURE TO PURSUE SUCH RECOVERY OR MITIGATE A LOSS WILL IN NO WAY REDUCE OR ALTER THE AMOUNTS RECOVERABLE BY FRANCHISOR OR ANOTHER FRANCHISOR INDEMNITEE FROM FRANCHISEE.

24. INDEPENDENT CONTRACTORS.

(a) **Independent Contractors.** It is understood and agreed by the Parties that this Agreement does not create a fiduciary relationship between them; that Franchisor and Franchisee are and will be independent contractors and that nothing in this Agreement is intended to make either Party a general or special agent, joint venturer, partner or employee of the other for any purpose. Franchisee will conspicuously identify itself in all dealings as the owner of the Store and the rights granted under the Agreement with Franchisor and will place such notices of independent ownership on such forms, business

cards, employment related documents (e.g. employment applications and agreements, paychecks and benefits notice) stationery and advertising and other materials as Franchisor may periodically require. Franchisee must post a prominent sign in the Store identifying Franchisee as a Cowboy Chicken franchisee in a format prescribed by Franchisor, including without limitation an acknowledgment that Franchisee independently owns and operates the Store, the Marks are owned by Franchisor and that Franchisee's use of such Marks is pursuant to a license issued by Franchisor.

This Agreement (and the relationship of the parties which arises from this Agreement) grants Franchisor the right to make decisions, take actions and/or refrain from taking actions which are not inconsistent with Franchisee's explicit rights and obligations hereunder or under Applicable Law and that may affect favorably or adversely Franchisee's interest. Franchisee acknowledges and agrees that Franchisor may operate and change the System and Franchisor's business in any manner that is not expressly and specifically prohibited by this Agreement or Applicable Law. Whenever Franchisor has reserved in this Agreement a right and/or discretion to take or withhold an action, or to grant or decline to grant Franchisee a right to take or withhold an action, except as otherwise expressly and specifically provided in this Agreement or prohibited by Applicable Law, Franchisor may make its decision or exercise its right and/or discretion on the basis of its judgment of what is in its best interests, including its judgment of what is in the best interests of the Cowboy Chicken franchise network, at the time Franchisor's decision is made, without regard to: (1) whether other reasonable or even arguably preferable alternative decisions or actions could have been made by Franchisor; (2) whether Franchisor's decision or the action it takes promotes its financial or other individual interest; (3) whether Franchisor's decision or the action it takes applies differently to Franchisee and one or more other franchisees; or (4) whether Franchisor's decision or the exercise of its rights is adverse to Franchisee's individual interest or the individual interests of any other particular

franchisees. Franchisor will have no liability to Franchisee for any such decision or exercise of its rights.

(b) **No Liability for Acts of Other Party.** Franchisee must not employ any of the Marks in signing any contract or applying for any license or permit, or in a manner (other than the use contemplated hereby) that may result in Franchisor's liability for any of Franchisee's indebtedness or obligations. Except as expressly authorized in writing, neither Franchisor nor Franchisee will make any express or implied agreements, warranties, guarantees or representations or incur any debt in the name or on behalf of the other Party or be obligated by or have any liability under any agreements or representations made by the other Party. Franchisor will not be obligated for any damages to any Person directly or indirectly arising out of the operation of the Store.

25. FORCE MAJEURE AND CRISIS MANAGEMENT EVENTS.

(a) **Force Majeure.** Neither Franchisor nor Franchisee will be liable for loss or damage, or deemed to be in breach of this Agreement if its failure to perform obligations results from a Force Majeure Event. Any delay resulting from any Force Majeure Event will extend performance accordingly or excuse performance, in whole or in part, as may be reasonable in the judgment of the Party to whom performance is owed. Franchisee or Franchisor will, within five days of the occurrence of the Force Majeure Event, give a written Notice to the other Party stating the nature of the Force Majeure Event, its anticipated duration and any action being taken to avoid or minimize its effect. Any suspension of performance will be of no greater scope and of no longer duration than is reasonably required; provided, however, if the suspension of performance continues for 90 days from the date of the occurrence and such failure to perform would constitute an Event of Default of this Agreement in the absence of such Force Majeure Event, the Parties will meet and discuss in good faith any amendments to this Agreement to permit Franchisor to exercise its rights under this Agreement. If the Parties are not able to

agree on such amendments within 30 days and if suspension of performance continues, Franchisor may terminate this Agreement immediately by giving written Notice to Franchisee or exercise any of the remedies described in Section 20 or otherwise available at law or in equity. In no event will Franchisee's inability to pay amounts due under this Agreement constitute a Force Majeure Event and no Force Majeure Event will operate to excuse Franchisee from the prompt payment of Royalty Fees, Brand Fund Contributions or any other fee or payment due to Franchisor pursuant to this Agreement.

(b) **Crisis Management Events.** Franchisee must notify Franchisor within 24 hours of the occurrence of any Crisis Management Event by the method periodically specified in the Manuals or otherwise in writing, comply with Franchisor's instructions and fully cooperate with Franchisor's instructions in response to the Crisis Management Event. Failure to notify Franchisor within the required time period is a material breach of this Agreement.

26. GOVERNING LAW; DISPUTE RESOLUTION.

(a) **Non-Binding Mediation.** Before any Party may bring an action or commence a proceeding against the other Party, the Parties must first meet to mediate the dispute (except for controversies, disputes or claims related to or based on improper or unauthorized use of the Marks or breach of the covenants and obligations set forth in Section 19(a) or Section 19(b)) in Dallas, Texas or such other location agreed upon by the Parties. Any such mediation will be non-binding and will be conducted by the International Institute for Conflict Prevention & Resolution ("CPR") in accordance with its then-current rules for mediation of commercial disputes.

Notwithstanding anything to the contrary, this Section 26 will not bar either Party from obtaining injunctive relief pursuant to Section 26(c)(5) against threatened conduct that will cause it to incur Losses and Expenses, under the usual equity rules, including the applicable rules

for obtaining restraining orders and injunctions, without having to engage in mediation. In addition, this Section 26(a) will not apply to any claim or dispute relating to Franchisee's failure to make payments for Royalty Fees, Brand Fund Contribution or other amounts owed to Franchisor under this Agreement. Franchisor and Franchisee will each bear their own costs of mediation, and each will bear one-half the cost of the mediator or mediation service.

(b) **Governing Law.** This Agreement will be governed by and interpreted according to the laws (exclusive of the conflicts of laws rules) of the State of Texas applicable to contracts entered into in Texas, except to the extent governed by the United States Trademark Act of 1946 (Lanham Act), the Copyright Act, and the Patent Act. As of the Effective Date, Franchisor has a place of business in the State of Texas, and Texas otherwise bears a reasonable relationship to this Agreement, the Parties' relationship established by this Agreement, and the Parties. By agreeing to the application of Texas law, the Parties do not intend to make this Agreement or their relationship subject to any franchise, dealership, distributorship, business opportunity, or similar statute, rule, or regulation of the State of Texas to which this Agreement or the Parties' relationship otherwise would not be subject. To the extent that this Agreement or the Parties' relationship otherwise would not, but for this Texas choice-of-law provision, be subject to such statutes, this Section 26 does not constitute a waiver of any statutory rights or remedies. Franchisee, its Principals and Franchisor acknowledge and agree that the choice of applicable state law set forth in this Section 26(b) provides each of the Parties with the mutual benefit of uniform interpretation of this Agreement and the Parties' relationship created by this Agreement. Franchisee, its Principals and Franchisor further acknowledge the receipt and sufficiency of mutual consideration for such benefit, and that each Party's agreement regarding applicable state law has been negotiated in good faith and is part of the benefit of the bargain reflected in this Agreement.

(c) **Binding Arbitration.**

(1) **Claims Subject to Arbitration.** Subject to Paragraph 26(c)(2), the Parties agree that all controversies, claims, or disputes between Franchisor and Franchisee arising out of or relating to the following (each, an "**Arbitrable Claim**") will be finally resolved by binding arbitration in accordance with Section 26(c)(4):

(A) this Agreement or any other agreement between Franchisor and Franchisee or any of its Affiliates or Principals;

(B) the relationship between Franchisee and Franchisor;

(C) the scope and validity of this Agreement or any other agreement between Franchisor or its Affiliates and Franchisee or any of its Affiliates or Principals, specifically including all disputes regarding the scope, validity or existence of this arbitration agreement, except that Franchisor and Franchisee intend for the court to address the applicability and scope of the exceptions found in Section 26(c)(2)(a); and/or

(D) the offer or sale of the franchise opportunity.

(2) **Exception of Claims Subject to Arbitration.** Franchisor and Franchisee recognize and agree that certain claims of Franchisor may not be best suited to determination through arbitration and agree that Franchisor, at its sole option, may bring the following types of claims, cases, disputes and causes of action either in court or in arbitration:

(A) Claims seeking injunctive or other equitable relief to enforce provisions of this Agreement, including without limitation claims for infringement of Franchisor's intellectual property, violation of the confidentiality provisions of Section 19(b), or breach of the non-competition provisions of Section 19(a), provided however that non-equitable claims joined with any injunctive claims must be heard separately in arbitration, and that regardless of the forum, any injunctive relief may be given without the necessity of

Franchisor posting bond or other security and any such bond or other security is hereby waived; further, Franchisee acknowledges that the termination of any litigation for injunctive or other equitable relief will not bar Franchisor from asserting non-equitable claims in an arbitration involving the same parties or causes of action;

(B) Claims seeking relief of any kind with respect to Franchisee's violation of any health or safety law; and/or

(C) Claims, including claims by an affiliate of Franchisor, seeking recovery or any other remedy based on Franchisee's failure to pay any moneys due under this Agreement, any agreement with an affiliate of Franchisor, or any unpaid invoices owed to an affiliate of Franchisor when due.

For resolution of any claim that is not subject to mandatory arbitration under Section 26(c)(1), such claim will be resolved in the Chosen Forum in accordance with Section 26(d).

(3) **No Class Action.** No party except Franchisor (including its employees, agents, officers or directors and its parent, subsidiary or affiliated companies) and Franchisee (including where applicable the immediate family members, owners, heirs, executor, successors, assigns, shareholders, partners, and guarantors (as applicable) may join in or become a party to any arbitration proceeding arising under or related to this Agreement or any other agreement between Franchisor and Franchisee, the relationship between Franchisor and Franchisee, the scope and validity of this Agreement or any other agreement between Franchisor and Franchisee, specifically including whether any specific claim is subject to arbitration at all (i.e. arbitrability questions) and/or the offer or sale of the franchise opportunity; and further, the arbitrator will not be authorized to permit any person or entity that is not a party to this Agreement or identified in this paragraph to be involved in or to participate in any arbitration conducted pursuant to this Agreement. No matter how styled by the Party bringing the claim, any claim

or dispute is to be arbitrated on an individual basis and not as a class action or representative action and further, no claim may be consolidated or joined. **FRANCHISEE EXPRESSLY WAIVES ANY RIGHT TO ARBITRATE OR LITIGATE AS A CLASS ACTION OR IN A PRIVATE ATTORNEY GENERAL CAPACITY.** Any question regarding the interpretation or enforceability of this prohibition on class-wide or representative arbitration will be resolved by a court of competent jurisdiction, and not the arbitrator

(4) **Binding Arbitration in Dallas, Texas.** Subject to the provision for temporary injunctive relief pending arbitration contained in Section 26(c)(5), all Arbitrable Claims will be finally resolved by binding arbitration in accordance with the CPR Rules for Non-Administered Arbitration (the "CPR Rules") then currently in effect. All Arbitrable Claims will be decided by one arbitrator chosen from the Panels of Distinguished Neutrals maintained by the CPR in accordance with Rules 5.3 and 6 of the CPR Rules. Unless otherwise agreed in writing, any arbitrator chosen to decide an Arbitrable Claim will be a current or former practicing attorney or judge; have at least ten years of experience in litigation, arbitration, and/or mediation of commercial disputes; and have prior experience as an arbitrator of at least three manufacturer/dealer or franchisor/franchisee disputes. Each Party will be responsible for its own attorneys' fees associated with the arbitration and for such costs as it is liable pursuant to the CPR Rules. The place of arbitration will be Dallas, Texas unless otherwise agreed in writing. The arbitration will be governed by the Federal Arbitration Act, 9 U.S.C. § 1 et seq. (the "FAA"). It is expressly understood and agreed that arbitration proceedings under this Agreement are subject to the confidentiality provisions of Section 19(b) of this Agreement.

(5) **Temporary Injunction Relief Pending Arbitration.** The Parties to this Agreement understand, acknowledge, and agree that the CPR Rules specifically contemplate the availability of interim measures to preserve the status quo and/or prevent irreparable injury

pending arbitration. The Parties expressly understand and agree that the advance notice requirements provided for in this Agreement, with respect to termination or amendment provide sufficient opportunity for a Party challenging any termination or amendment of this Agreement to seek interim measures (including the arbitral equivalent of a temporary restraining order, preliminary injunction, or other equitable relief) in arbitration pursuant to the binding arbitration provisions of Section 26(c)(4). By seeking or obtaining a temporary restraining order, preliminary injunction, or other equitable relief pending arbitration pursuant to the provisions of this Section 26(c)(5), a Party is not relieved of its obligation to have the merits of an Arbitrable Claim decided in accordance with the binding arbitration provisions of Section 26(c)(4).

(6) Enforcement of Arbitration Awards. Judgment upon the award rendered by the arbitrator(s) in any arbitration between the Parties may be entered by any court of competent jurisdiction.

(7) Contingency. If for any reason the binding arbitration provisions of this Agreement are not enforceable, the exclusive forum for resolution of any otherwise Arbitrable Claims will be the United States District Court for the Northern District of Texas, Dallas Division except that, if the federal court lacks subject matter jurisdiction, the forum will be the District Court of Dallas County, Texas. The provisions of this Section 26(c)(7) will not apply to any claim for temporary injunctive relief pending arbitration filed pursuant to Section 26(c)(5) above.

(d) Consent to Jurisdiction and Venue. To the extent that this Agreement permits or requires litigation, the Parties hereby irrevocably submit to the exclusive jurisdiction provision of Section 26(c)(7) (the "Chosen Forum"). By execution and delivery of this Agreement, each Party hereby irrevocably waives, to the fullest extent it may effectively do so, any claim that it is not personally subject to the jurisdiction of the Chosen Forum or that the Chosen Forum is not a convenient forum. By

execution and delivery of this Agreement, each Party hereby agrees not to assert, by way of motion, as a defense, or otherwise, in any such suit, action, or proceeding, any claim that it is not personally subject to the jurisdiction of the Chosen Forum or that the Chosen Forum is not a convenient forum. Franchisor and Franchisee agree that a final judgment (as to which all appeals have been exhausted or the time within which such appeals may be made has expired) in any such action or proceeding will be conclusive and may be enforced in any other jurisdiction by suit on the judgment or in any other manner provided by law.

(e) Limitations of Claims. Any and all claims arising out of or relating to this Agreement or the relationship among the Parties will be barred unless a judicial or arbitration proceeding is commenced within two years from the date on which the Party asserting such claim knew or should have known of the facts giving rise to such claims.

(f) Limitation on Damages. Except with respect to: (i) Franchisee's obligation to indemnify Franchisor and its Affiliates pursuant to Section 23; (ii) claims for Franchisee's unauthorized use of the Marks or unauthorized use or disclosure of any Confidential Information in Sections 16 and 19; (iii) payment or recovery of liquidated damages described in Section 20(b); and (iv) lost profits incurred by Franchisor as a result of early termination of this Agreement under Section 20. FRANCHISOR AND FRANCHISEE 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 A DISPUTE BETWEEN FRANCHISOR AND FRANCHISEE, THE PARTY MAKING A CLAIM WILL BE LIMITED TO EQUITABLE RELIEF AND TO RECOVERY OF ANY DIRECT OR GENERAL DAMAGES THE PARTY SUSTAINS.

(g) Rights of Parties are Cumulative. Franchisor's and Franchisee's rights under this

Agreement are cumulative, and their exercise or enforcement of any right or remedy under this Agreement will not preclude their exercise or enforcement of any other right or remedy under this Agreement which they are entitled by Applicable Law to enforce.

(h) **Costs and Legal Fees.** If Franchisor incurs expenses in connection with the Franchisee's failure to pay when due any monies owed, to submit when due any reports, information, or supporting records, or otherwise to comply with this Agreement, Franchisee will reimburse Franchisor for any of the costs and expenses which it reasonably incurs, including, without limitation, reasonable accounting, attorneys', arbitrators', and related fees to enforce such provisions of the Agreement.

(i) **WAIVER OF JURY TRIAL.** THE PARTIES HERETO IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM IN CONNECTION WITH ANY MATTER OR DISPUTE OF ANY KIND ARISING UNDER OR IN ANY WAY CONNECTED WITH THIS AGREEMENT OR ANY RIGHT OR REMEDY HEREUNDER, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER OF FRANCHISOR OR FRANCHISEE.

Initials

(j) **Material Inducement for Franchisor.** FRANCHISEE AND ITS PRINCIPALS EACH EXPRESSLY ACKNOWLEDGES AND AGREES THAT THIS SECTION 26 IS ENTERED INTO VOLUNTARILY AND IS NOT THE PRODUCT OF COERCION ON THE PART OF FRANCHISOR. THE BINDING ARBITRATION, CHOICE OF LAW AND FORUM, WAIVER OF PUNITIVE DAMAGES, LIMITATION ON ACTIONS, WAIVER OF CLASS ACTION, AND OTHER PROVISIONS OF THIS SECTION 26 ARE A MATERIAL INDUCEMENT FOR FRANCHISOR TO ENTER INTO THIS AGREEMENT.

27. NOTICES.

All Notices required or permitted under this Agreement will be deemed given: (a) when delivered by hand; (b) two days after electronically confirmed transmission by facsimile or electronically confirmed delivery receipt by electronic mail; (c) three days after confirmed delivery if by certified or registered mail, postage prepaid; or (d) upon delivery by a nationally-recognized courier or delivery service. Either Party may specify a different address by notifying the other Party in writing of the different address. The notice address for each Party is set forth in the Summary Page.

28. MISCELLANEOUS.

(a) **Severability; Substitution of Valid Provisions.** Except as expressly provided to the contrary in this Agreement, each section, paragraph, term and provision of this Agreement, and any portion thereof, will be considered severable. If for any reason any part of this Agreement is held to be invalid, that determination will not impair the other parts of this Agreement. If any covenant herein which restricts competitive activity is deemed unenforceable by virtue of its scope in terms of geographical area, type of business activity prohibited and/or length of time, but could be rendered enforceable by reducing any part or all of it, Franchisee and Franchisor agree that it will be enforced to the fullest extent permissible under Applicable Law and public policy. If any Applicable Law requires a greater prior notice of the termination of or refusal to enter into a successor franchise than is required hereunder, a different standard of "good cause;" or the taking of some other action not required hereunder, the prior notice, "good cause" standard and/or other action required by such law will be substituted for the comparable provisions hereof. If any provision of this Agreement or any specification, standard or operating procedure prescribed by Franchisor is invalid or unenforceable under Applicable Law, Franchisor has the right, at Franchisor's sole option, to modify such invalid or unenforceable provision, specification, standard or operating procedure to the extent required to make it valid and enforceable.

(b) **Effect of Delay, Waiver, Omission or Forbearance.** No delay, waiver, omission or forbearance by Franchisor to exercise any right, option, duty or power arising out of any breach or default by Franchisee or its Principals under this Agreement will constitute a waiver by Franchisor to enforce any such right, option, duty or power against Franchisee or its Principals, or as to subsequent breach or default by Franchisee or its Principals. Subsequent acceptance by Franchisor of any payments due to it hereunder will not be deemed to be a waiver by Franchisor of any preceding breach by Franchisee or its Principals of any terms, provisions, covenants or conditions of this Agreement.

(c) **Binding Effect.** This Agreement is binding upon the Parties and their respective executors, administrators, heirs, assigns and successors-in-interest and will not be modified except by a written agreement signed by both Franchisee and Franchisor.

(d) **Disclaimer of Warranties.** Each Party hereby acknowledges that neither the other Party nor its agents or representatives have made any promises, representations, guarantees, nor warranties of any nature concerning actual or potential sales or profits of a Store or that the licensed Stores to be established and operated by Franchisee hereunder will be successful or profitable. Franchisee and its Principals represent and acknowledge that they are not relying upon any information, promise, representation, guaranty, or warranty by Franchisor in entering into this Agreement other than those set forth in this Agreement (including its exhibits, addenda, and attachments). Franchisee and its Principals expressly waive any claim of negligent misrepresentation or omission. Each Party further represents to the other that it has independently reviewed and evaluated the business to be conducted by Franchisee under this Agreement, and the decision to enter into this Agreement was made solely in reliance upon such independent evaluation. Notwithstanding the foregoing, nothing in this Agreement or in any related agreement is intended to disclaim the representations made by Franchisor in the

Franchise Disclosure Document furnished to Franchisee.

(e) **Receipt of Disclosure.** The following applies only in the event this Agreement will have effect within a province or territory requiring compliance with pre-sale franchise disclosure law: Franchisee acknowledges that it has received as one document at one time, either personally or by registered mail, a copy of the form of this Agreement, the exhibits hereto, and the applicable complete franchise disclosure document not less than 14 days prior to the earlier of: (i) the date on which this Agreement or any other agreement relating thereto was executed; and (ii) the payment of any consideration by or on behalf of Franchisee relating to this Agreement, and the franchise associated therewith (except, where applicable, any deposit permitted under Applicable Law).

(f) **Entire Agreement.** This Agreement (including its exhibits, addenda, and attachments) constitutes the entire agreement between the Parties, and supersedes any and all prior or contemporaneous negotiations, discussions, understandings, or agreements. There are no other oral or written understandings or agreements between Franchisor and Franchisee relating to the subject matter of this Agreement.

(g) **Construction.** The preambles and exhibits are a part of this Agreement. Nothing in this Agreement is intended, nor is deemed, to confer any rights or remedies upon any Person not a party to this Agreement. The singular usage includes the plural and the masculine and neuter usages include the other and the feminine.

(h) **Headings.** The headings of the several sections and paragraphs are for convenience only and do not define, limit or construe the contents of such sections or paragraphs.

(i) **Multiple Copies.** This Agreement may be executed in multiple copies, each of which will be deemed an original.

IN WITNESS WHEREOF, the Parties hereto have executed and delivered this Franchise Agreement as of the Effective Date.

FRANCHISOR:

FRANCHISEE:

COWBOY CHICKEN FRANCHISING, LP

[_____]

By: _____

By: _____

Printed Name: _____

Printed Name: _____

Title: _____

Title: _____

EXHIBIT A

ORGANIZATIONAL AND OWNERSHIP INFORMATION

Franchisee is a _____, organized on _____, _____ under the laws of the State of _____. Its Federal Identification Number is _____. It has not conducted business under another name. The following is a list of Franchisee directors and officers as of the Effective Date. Capitalized terms not defined in this Exhibit A have the meanings given in the Franchise Agreement dated _____ between Franchisee and Franchisor.

Name	Position(s) Held
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

Franchisee represents and warrants to Franchisor that all Equity Interests in Franchisee are disclosed in the Guaranty. Franchisee will disclose to Franchisor such additional information as Franchisor may periodically request concerning all Persons having an Equity Interest in Franchisee. As of the Effective Date:

Name	Mailing Address	% of Equity Interest
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

EXHIBIT B

GUARANTY AND UNDERTAKING OF OBLIGATIONS

This GUARANTY AND UNDERTAKING OF OBLIGATIONS ("Guaranty") dated _____, 20__ (the "Effective Date") is given to Franchisor, by each of the undersigned as a Principal of Franchisee, in consideration of and as an inducement to the execution of the attached Franchise Agreement, including any exhibits and amendments thereto ("Agreement") by and between Franchisor and Franchisee. Capitalized terms not defined in this Guaranty and Undertaking of Obligations have the meanings given in the Agreement.

Principal hereby personally and unconditionally guarantees to Franchisor and its successors and assigns, for the Term and afterward as provided in the Agreement, that Franchisee will punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement.

Principal represents that each and every representation of Franchisee made in connection with the Agreement is true, correct and complete in all respects as of the time given and as of the time of the undersigned Principal(s)' execution of this Guaranty.

Principal acknowledges that it is included in the term "Principal" as described in Section 1 of the Agreement and without limiting any guarantee of Franchisee's obligations under the Agreement, makes all covenants, representations, warranties and agreements of Principals set forth in the Agreement and is obligated to individually perform thereunder for so long as he or she qualifies as a Principal and thereafter to the extent expressly provided by the terms of the Agreement, including without limitation the representations, warranties and covenants described in the following sections of the Agreement: Section 12 (Representations, Warranties and Covenants), Section 18 (Transferability of Interest), Section 19 (Restrictive Covenants) and Section 23 (Indemnification).

Principal hereby unconditionally agrees to be personally bound by, and personally liable for, the breach of each and every provision in the Agreement, both monetary obligations and obligations to take or refrain from taking specific actions, or to engage or refrain from engaging in specific activities.

Principal consents and agrees that it will render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so.

Principal consents and agrees that such liability will not be contingent or conditioned upon pursuit by Franchisor of any remedies against Franchisee or any other Person and waives any right it may have to require that an action be brought against Franchisee or any other Person as a condition of his or her liability. Principal further waives protest and notice of default, demand for payment or nonperformance or any obligations guaranteed, and any and all other notices and legal or equitable defenses to which Principal may be entitled in its capacity as guarantor.

Principal consents and agrees that such liability will not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence that Franchisor may periodically grant to Franchisee or to any other Person, including, without limitation, the acceptance of any partial payment or performance or the compromise or release of any claims, none of which will in any way modify or amend this Guaranty, which will be continuing and irrevocable during the Term.

Principal waives all rights to payments and claims for reimbursement or subrogation which any of the undersigned may have against Franchisee arising as a result of the undersigned's execution of and performance under this Guaranty.

This Guaranty and all claims arising from, under or with respect to the relationship between Franchisor and Principal(s) will be interpreted, enforced and governed by the laws of Texas (without regard to Texas conflicts of law rules).

Principal further acknowledges and agrees as follows:

(a) he/she has read the terms and conditions of the Agreement and acknowledges that the execution of this Guaranty is in partial consideration for, and a condition to Franchisor's execution of the Agreement, and Franchisor would not have granted such rights without the execution of this Guaranty by each of the undersigned;

(b) this Guaranty will remain in force notwithstanding the death of the undersigned, and will be binding on the undersigned's personal representatives; and

(c) this Guaranty will continue and will be enforceable notwithstanding any change in the name or the constitution of Franchisor or Franchisee.

Principal represents and warrants that the following is a complete and accurate list of all Principals of Franchisee and a full description of the nature and extent of each Principal's Equity Interest in Franchisee. Franchisee, and Principal as to his or her Equity Interest, represents and warrants that Principal is the sole and exclusive legal and beneficial owner of his or her Equity Interest in Franchisee, free and clear of all liens, restrictions, agreements and encumbrances of any kind or nature, other than those required or permitted by this Guaranty.

IN WITNESS WHEREOF, each of the undersigned has affixed his or her signature as of the Effective Date.

PRINCIPAL:

EQUITY INTEREST

By: _____
Printed Name: _____
Title: _____

____%

By: _____
Printed Name: _____
Title: _____

____%

By: _____
Printed Name: _____
Title: _____

____%

EXHIBIT C

CONFIDENTIALITY AGREEMENT

_____, a _____ ("Franchisee"), and on behalf of Company, and _____, an individual having an address at _____ ("Employee"), hereby enter into this Agreement, effective as of _____, 20____, the ("Effective Date") and agree as follows:

All defined terms used in this Agreement and not otherwise defined will have the meanings set forth in Attachment C-1.

1. Franchisee and Employee, for their mutual benefit, desire to have Franchisee disclose to Employee certain Confidential Information for the Purpose.
2. Confidential Information means any and all information, knowledge, know-how, trade secrets, trade dress, methodologies, techniques, procedures, applications and materials, in whatever form, used in or related to the System which Company provides to Franchisee, or which Franchisee or its Affiliates or employees develop or have access to, in connection with this Agreement or the operation of a Store hereunder, including, without limitation, the Standards; the Manuals; any ingredients, formulae and recipes applicable to menu items; Company's or its Affiliate's product sourcing, pricing, manufacturing, inventory management and control, supply and distribution; technology, point of sale and related computer software; advertising, marketing and promotional programs including gift card, loyalty and customer reward programs; customer data; financial data and statements; training and operational methodology, content (including without limitation inventory and financial controls) and management programs; and any other information or data regarding the business of Company or any of its Affiliates that would reasonably be considered the proprietary or confidential information of Company or its Affiliates ("**Confidential Information**"). Confidential Information may be in any form or medium, tangible or intangible, and may be communicated in writing, orally, or through visual observation.
3. For the duration of Employee's employment with Franchisee and at all times thereafter, Employee will use the Confidential Information solely for the Purpose, will not disclose such Confidential Information to any third parties without Franchisee's consent, and will reproduce Confidential Information only to the extent essential to fulfilling the Purpose.
4. Employee will notify Franchisee immediately upon discovery of any unauthorized use or disclosure of any Confidential Information, or any other breach of the Agreement by Employee or any representative of Employee, and will cooperate with Franchisee in every reasonable way to help Franchisee regain possession of its Confidential Information and prevent its further unauthorized use or disclosure.
5. The covenants of confidentiality set forth in this Agreement will apply after the Effective Date to all Confidential Information disclosed to Employee before and after the Effective Date.
6. Upon Franchisee's request, Employee will either return to Franchisee all Confidential Information or, at Franchisee's option, will certify to Franchisee that all media containing Confidential Information have been destroyed; provided, however, that an archival copy of the Confidential Information may be retained in the files of Employee's counsel solely for the purpose of proving the contents of the Confidential Information.

7. The foregoing restrictions on Employee's use or disclosure of Confidential Information will not apply to Confidential Information that Employee can demonstrate: (a) was independently developed by or for the Employee without reference to the Confidential Information, or was received without restrictions; (b) has become generally available to the public through no wrongful act or breach of confidentiality obligations by the Employee; (c) was in the Employee's possession without restriction or was known by the Employee without restriction at the time of disclosure; or (d) is required by a court order to be disclosed; provided, however, that the Employee has given Franchisee prompt notice of such demand for disclosure, has taken reasonable steps to enable Franchisee to seek to protect the confidentiality of the Confidential Information required to be disclosed, and will disclose only that part of the Confidential Information which, in the written opinion of his or her legal counsel, Employee is required to disclose.
8. As between the parties, all Confidential Information will remain the property of Franchisee. By disclosing Confidential Information or executing this Agreement, Franchisee does not grant any license, explicitly or implicitly, under any trademark, patent, copyright, mask work protection right, trade secret or any other intellectual property right. Further, any Confidential Information provided by Franchisee hereunder is provided "AS IS" and no warranties are made by Franchisee regarding such Confidential Information.
9. Execution of this Agreement and the disclosure of Confidential Information pursuant to this Agreement do not constitute or imply any commitment, promise, or inducement by Franchisee to make any purchase or sale, or to enter into any additional agreement of any kind. Moreover, unless otherwise specifically agreed in writing, any knowledge or information which Employee discloses to Franchisee will not be deemed to be proprietary or confidential and will be acquired by Franchisee free from any restrictions; however, no license under any applicable patent(s) of Employee will be granted or implied.
10. Franchisee's failure to enforce any provision, right or remedy under this Agreement will not constitute a waiver of such provision, right or remedy.
11. This Agreement and performance hereunder will be interpreted, enforced and governed by the laws of the location in which Employee's services are performed, without regard to such state's conflicts of law rules.
12. Employee acknowledges that money damages alone would be an inadequate remedy for the injuries and damages that would be suffered and incurred by Franchisee as a result of Employee's breach of this Agreement. Therefore, Employee agrees that if Employee violates or threatens to violate this Agreement, Franchisee, in addition to any other remedies it may have at law or equity, will be entitled to a restraining order, injunction, or other similar remedy in order to enforce the provisions of this Agreement. In the event Franchisee should seek an injunction hereunder, Employee hereby waives any requirement for the submission of proof of the economic value of any Confidential Information or the posting of a bond or any other security. Employee will bear all costs and expenses, including attorneys' fees and costs, incurred by Franchisee in enforcing the provisions of this Agreement.
13. This Agreement constitutes the entire agreement between the parties, and supersedes any and all prior or contemporaneous negotiations, discussions, understandings or agreements. There are no other oral or written understandings or agreements between the parties relating to the subject matter of this agreement.

14. This Agreement may be executed in one or more counterparts and in both original form and one or more electronic or photocopies, each of which will be deemed to be and constitute one and the same instrument.
15. The parties can amend or modify this Agreement only by a writing duly executed by their respective authorized representatives.
16. Employee will not assign this Agreement without first securing Franchisee's written consent.
17. Company will be an intended third-party beneficiary of this Agreement with the full and independent right to enforce each and all of its terms.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their duly authorized representatives on the date(s) indicated.

FRANCHISEE:

[_____]
a [_____]

By: _____
Name: _____
Title: _____

EMPLOYEE:

By: _____
Employee Name: _____
Date: _____

ATTACHMENT C-1
TO CONFIDENTIALITY AGREEMENT

DEFINITIONS

"Affiliate" means, with respect to a named Person, any Person that is controlled by, controlling or under common control with the named Person.

"Agreement" means this Confidentiality Agreement between Franchisee and Employee.

"Company" means Cowboy Chicken Franchising, L.P..

"Manuals" means Company's operations and training manuals, and any other written directives related to the System, in whatever form and provided in whatever manner, as the same may be periodically amended and revised, including the Standards, all bulletins, supplements and ancillary and additional manuals and directives established by Franchisor from time to time.

"Person" means any natural person or entity.

"Purpose" means the Employee serving as a management employee for Franchisee's Store.

"Store" means a Cowboy Chicken store.

"Standards" means the standards, requirements, specifications, techniques, methods, policies and procedures of the System and Brand for the development and operation of the Stores, as specified from time to time by Franchisor in the Manuals, or otherwise in writing.

"System" means the business system for establishing and operating the Stores, the distinguishing characteristics of which include, without limitation, distinctive exterior and interior design, decor, color scheme, furnishings and equipment; special ingredients, recipes and menu items; the Standards; quality and uniformity of products and services offered; procedures for product sourcing, inventory, management, logistics, pricing; training and assistance; and marketing, advertising and promotional programs; all of which may be changed, improved and further developed by Franchisor from time to time.

EXHIBIT D

OPERATING PRINCIPAL'S CONFIDENTIALITY AND NON-COMPETE AGREEMENT

_____, a _____ ("Franchisee"), and on behalf of Company, and _____, an individual having an address at _____ ("Operating Principal"), hereby enter into this Agreement, effective as of _____, 20____, the ("Effective Date") and agree as follows:

All defined terms used in this Agreement and not otherwise defined will have the meanings set forth below:

1. DEFINITIONS.

(a) "Affiliate" means, with respect to a named Person, any Person that is controlled by, controlling or under common control with the named Person.

(b) "Agreement" means this Operating Principal's Confidentiality and Non-Compete between Agreement between Employer and Operating Principal.

(c) "Authorized Recipients" means employees of Employer or Company with authorization to have the Confidential Information

(d) "Company" means Cowboy Chicken Franchising, LP.

(e) "Competitive Business" means any fast casual and casual dining restaurant that, as determined by Franchisor, is the same as or substantially similar to the Stores, including, without limitation, any food service establishment or chain of food service establishments that offers rotisserie chicken as a primary menu item, accounting for 25% or more of its entree menu. A Competitive Business does not include: (i) other businesses that are licensed by Franchisor or any of its Affiliates; or (ii) Franchisee's Existing Brands.

(f) "Confidential Information" means any and all information, knowledge, know-how, trade secrets, trade dress, methodologies, techniques, procedures, applications and materials, in whatever form, used in or related to the System which Franchisor provides to Franchisee, or which Franchisee or its Affiliates or employees develop or have access to, in connection with this Agreement or the operation of a Store hereunder, including, without limitation, the Standards; the Manuals; any ingredients, formulae and recipes applicable to menu items; Franchisor's or its Affiliate's product sourcing, pricing, manufacturing, inventory management and control, supply and distribution; technology, point of sale and related computer software; advertising, marketing and promotional programs including gift card, loyalty and customer reward programs; customer data; financial data and statements; training and operational methodology, content (including without limitation inventory and financial controls) and management programs; and any other information or data regarding the business of Franchisor or any of its Affiliates that would reasonably be considered the proprietary or confidential information of Franchisor or its Affiliates.

(g) "Employer" means _____.

(h) "Operating Principal" means _____.

(i) **"Franchise Agreement"** means the Cowboy Chicken Franchise Agreement between Company and Employer.

(j) **"Manuals"** means Company's operations and training manuals, and any other written directives related to the System, in whatever form and provided in whatever manner, as the same may be periodically amended and revised, including the Standards, all bulletins, supplements and ancillary and additional manuals and directives established by Franchisor from time to time.

(k) **"Person"** means any natural person or entity.

(l) **"Purpose"** means the Employee serving as a management employee for Franchisee's Store.

(m) **"Store"** means a Cowboy Chicken store.

(n) **"Standards"** means the standards, requirements, specifications, techniques, methods, policies and procedures of the System and Brand for the development and operation of the Stores, as specified from time to time by Franchisor in the Manuals, or otherwise in writing.

(o) **"System"** means the business system for establishing and operating the Stores, the distinguishing characteristics of which include, without limitation, distinctive exterior and interior design, decor, color scheme, furnishings and equipment; special ingredients, recipes and menu items; the Standards; quality and uniformity of products and services offered; procedures for product sourcing, inventory, management, logistics, pricing; training and assistance; and marketing, advertising and promotional programs; all of which may be changed, improved and further developed by Franchisor from time to time.

2. **CONFIDENTIAL INFORMATION.**

In connection with your employment with Employer, a franchisee of Company, and your position as Operating Principal of a Store under the Franchise Agreement, you may be provided with or have access to various confidential, proprietary, and/or non-public information of Company, including but not limited to the Confidential Information. It is important to Employer and Company that you maintain all Confidential Information in confidence and that you do not disclose, or allow any others to disclose, any Confidential Information to any persons who, at the time of disclosure, are not Authorized Recipients. By signing this Agreement, you agree to use the Confidential Information solely for purposes of your employment with Employer and agree not to directly or indirectly disclose any Confidential Information, during or following your employment with Employer, to anyone except Authorized Recipients or as required to be disclosed by applicable law.

During your employment with Employer you may have access to, or be provided with, documents or other materials that constitute Confidential Information, and you acknowledge that information included as Confidential Information may be in the form of hard copy documents, electronic documents or files or information stored in or on any other media. By signing this Agreement, you agree that Company is the sole and exclusive owner of all such Confidential Information regardless of its form and, upon termination or cessation of your employment with Employer for any reason, you will immediately return to Employer all of the Confidential Information you may have, and you will retain no copies (whether in hard copy, electronic or other form) of any Confidential Information.

3. **COMPETITION.**

(a) For so long as you are Employer's Operating Principal under the Franchise Agreement and for a period of two years from the date you cease to be Employer's Operating Principal, you will not, either directly or indirectly, individually or through, on behalf of, or in conjunction with any other person:

(i) Own, maintain, operate, be employed by, engage in, franchise, lease property to, advise, help, make loans to, or have any interest in, either directly or indirectly, any Competitive Business;

(ii) Divert or attempt to divert any actual or prospective business or customer of the Store to any Competitive Business, by direct or indirect inducement or otherwise; or

(iii) Perform, directly, any or indirectly, any other act injurious to or prejudicial to the goodwill associated with the Marks and the System.

The above covenants apply exclusively in the United States of America during the time that you serve as Operating Principal for the Store and within ten miles of any then-existing Cowboy Chicken store during the 2-year period following the date you cease to be Operating Principal of the Store.

If all or any portion of this Agreement is held unreasonable or unenforceable by a tribunal, court or agency having valid jurisdiction in an unappealed final decision to which Employer is a party, you agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by applicable law. If any portion of the restrictions contained in this Agreement are held to be unreasonable, arbitrary or against public policy by any tribunal, court or agency having valid jurisdiction, then the restrictions will be considered divisible, both as to time and to the geographical area, with each month or the specified period being deemed a separate period of time and each radius mile of the restricted territory being deemed a separate geographical area, so that the lesser period of time or geographical area will remain effective and may be enforced against you so long as the same is not unreasonable, arbitrary, or against public policy. If you violate any of the covenants contained herein, and if any court, tribunal or agency action is instituted by Employer to prevent or enjoin such violation, then the period of time during which the covenants of this Agreement apply will be lengthened by a period of time equal to the period between the date of the breach of the terms or covenants contained in this Agreement and the date on which the decree of the disposition of the tribunal, court or agency having valid jurisdiction of the issues upon the merits will become final and not subject to further appeal.

You acknowledge that the geographical and time limitations contained in this Agreement are reasonable and properly required for the adequate protection of the Confidential Information, including Company's trade secrets. You acknowledge that Employer will provide to you training and Confidential Information in reliance upon the covenants contained in this Agreement.

Without limiting any provision of this Agreement, you and Employer recognize and agree that Company is a third party beneficiary of this Agreement, and at all times during and after your employment with Employer Company will have the independent right to enforce the terms of this Agreement.

You also recognize and agree that your employment by Employer is "at will", which means that it may be terminated by Employer or you at any time and with or without cause.

This Agreement and all claims arising from, under or with respect to the relationship between Employer and you will be interpreted, enforced and governed by the laws of Texas (without regard to conflicts of law rules). Any dispute arising out of or under this Agreement not settled by agreement will be submitted to arbitration in accordance with the terms of the Franchise Agreement.

As evidenced by your signature below, you hereby acknowledge that you have carefully read this Agreement completely and understand and agree to all of the terms set forth above, and that Employer has provided you with a copy for your records.

FRANCHISEE:

[_____]
a [_____]

By: _____
Name: _____
Title: _____

OPERATING PRINCIPAL:

By: _____
Name: _____

EXHIBIT E

ELECTRONIC FUNDS TRANSFER AUTHORIZATION FORM

Franchisee: _____

Principal Name: _____ Phone: _____

Contact Person: _____ Title: _____

Address: _____

Franchisee hereby authorizes Cowboy Chicken Franchising, LP ("Franchisor") to initiate entries to the checking or savings account identified below for payment of Royalty Fees, Brand Fund Contributions, Marketing Fees and any other amounts owed by Franchisee to Franchisor or its Affiliates under the Cowboy Chicken Franchise Agreement between Franchisor and Franchisee or otherwise and, if necessary, to initiate any adjustments for transactions credited in error.

This authorization will remain in full force and effect until 60 calendar days after Franchisor has received signed written notification from Franchisee of its termination.

Name and Address on Account:

Pay to the order of:

Franchisee's Financial Institution:

(Name, Address & Phone #)

Transit/ABA Routing Number:

Account Number:

PLEASE ATTACH A VOIDED CHECK

Signature: _____ Date: _____

Printed Name: _____

EXHIBIT F
ADDENDUM TO LEASE
SUMMARY PAGE
ADDENDUM TO LEASE

Addendum Date: _____

Landlord: _____

Tenant: _____

Premises: _____

Lease Execution Date: _____

Tenant Notice Address: _____

ADDENDUM TO LEASE

This Addendum to Lease (this "Addendum") is executed as of the date indicated on the Summary Page, by and between Tenant and Landlord as an addendum to the lease (as amended, renewed, and/or extended from time to time, "the Lease") for the Premises as of the Lease Execution Date.

RECITALS

WHEREAS, Tenant has executed or intends to execute a Franchise Agreement (the "Franchise Agreement") with Cowboy Chicken Franchising, LP ("Company") for the operation of a Cowboy Chicken store (the "Store") at the Premises, and as a requirement thereof, the Lease for the Premises must include the provisions contained in this Addendum.

NOW THEREFORE, in consideration of mutual covenants set forth herein, the execution and delivery of the Lease, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Landlord and Tenant hereby agree as follows:

1. The Lease authorizes Tenant to use the Premises only for the operation of the Store unless and until the Franchise Agreement terminates or expires without renewal or replacement with a successor agreement between Franchisor and Tenant.
2. Landlord consents to Tenant's use and display of such proprietary marks (the "Marks") and signs, décor items, color schemes, plans, specifications and related components of the Cowboy Chicken store chain (the "System") as Company has prescribed in the common identity standards/décor plan furnished to Landlord, and may in the future prescribe, for the Store. Landlord agrees not to unreasonably withhold, delay or condition consent or approval of any future changes to the Premises required by Company to conform to changes in the System and the Marks. 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 its Store for the day. Tenant will have a first priority right to install its sign panels on the Premises pylon sign.
3. Tenant will receive up to four parking spaces in the immediate vicinity of the Store for the exclusive use of its "take-out" customers.
4. Landlord agrees to send Company conformed, legible copies of any and all letters and notices sent to Tenant pertaining to the Lease and the Premises at the same time that such letters and notices are sent to Tenant at the address on the Summary Page.
5. In the event of Tenant's default under the Lease, Company may, but has no obligation to, cure the default. Company will make this determination within 30 days after Company receives notice of the Lease default from Landlord. If Company elects to cure the default, Company will cure the default within 30 days of such election or, if the default cannot be reasonably cured within such 30-day period, then Company will commence and diligently act to cure the default within such time as is reasonably necessary to cure the default.
6. Company will have the right, and Landlord consents to allow Company, its personnel and/or agents to enter the Premises to make any reasonable modification or alternation necessary to protect the Store, the System and the Marks (including without limitation to de-identify the Premises as a Cowboy Chicken store following the expiration or termination of the Franchise Agreement) or to cure any default under the Franchise Agreement, or under the Lease, without

civil or criminal liability for such entry and action that would otherwise be a tort or subject Company or its personnel or agents to criminal prosecution.

7. If Company notifies Landlord of the termination of the Franchise Agreement, Company has the option, but not the obligation, upon written notice to Landlord to:
- (a) Operate the Cowboy Chicken store at the Premises (notwithstanding any removal or eviction of Tenant) on a month-to-month basis for a period not to exceed six months following the date of termination of the Franchise Agreement is effective (the "Interim Operating Period"), and during such Interim Operating Period, Company will pay to Landlord the amounts due to Landlord pursuant to the terms and conditions of the Lease; or
 - (b) At any time within or at the conclusion of the Interim Operating Period, enter into a new lease agreement containing terms, conditions, covenants and obligations at least as favorable as the terms, conditions, covenants and obligations set forth in the Lease. Company will not be a party to the Lease and until such time as Company and Landlord enter into a new lease agreement as set forth in this Section 7(b), Company will have no liability under the Lease except with respect to payments of amounts owed to Landlord during the Interim Operating Period as set forth in Section 7(a) above.

Landlord acknowledges and agrees that Company may assign its rights under this Section 7 to its Affiliate upon prior written notice to Landlord.

8. Landlord consents to such assignment to Company or its Affiliate ("**Interim Tenant**") in advance and agrees not to impose or assess any assignment fee or similar charge, increase or accelerate rent, cease any rent abatement, reduction or rebate granted to Tenant, or demand repayment of improvement costs or advances, under the Lease or any other agreement if and when such assignment occurs, or require Interim Tenant to pay any rent or other financial obligation of Tenant to Landlord arising prior to the assignment. Landlord agrees to look solely to the Tenant and its guarantors for any rents or other financial obligations owed to Landlord arising prior to such assignment. Landlord and Tenant acknowledge that neither Company nor Interim Tenant is a party to the Lease and neither will have any liability under the Lease, unless and until the Lease is assigned to, and assumed by Company or Interim Tenant, as applicable.
9. Notwithstanding anything contained in this Addendum to Lease and in the Lease, Interim Tenant is expressly authorized, without the consent of the Landlord, to sublet the Leased Premises to an authorized System franchisee, provided such subletting is specifically subject to the terms of the Lease and further provided the franchisee expressly assumes in writing all obligations of the Lease. Company agrees to notify Landlord as to the name of the franchisee within 10 days after such subletting.
10. Tenant will not assign or sublet the Lease, or renew, extend or amend the Lease's term (including without limitation an agreement for early termination of the lease or modification of Franchisee's renewal rights under the lease) without the prior written consent of Company.
11. Landlord and Tenant will not amend or otherwise modify the Lease in any manner that could materially affect any of the above requirements without the prior written consent of Company.
12. This Addendum will supersede any conflicting terms of the Lease.

13. Landlord acknowledges that any landlord's lien or security interest arising under or from the Lease will not apply to any operations manuals, software, scripts, videos or other tangible or intangible personal property of Tenant furnished by Company or any supplier to Tenant under a use restriction, obligation of confidentiality or under license, and to any signage, printed materials, merchandise or other tangible media, goods, inventory and supplies bearing the Marks. At termination of the Lease, Company will arrange for recovery and removal of such items as provided in the Franchise Agreement.
14. Notwithstanding any term, condition or covenant of the Lease to the contrary, Landlord covenants with Tenant that during the term of the Lease, Landlord will not enter into a lease, rental arrangement, license, usufruct or other agreement for space within the same retail center or facility as the Premises with, and will not sell any real property or outparcel adjoining the center or use as part of the center's parking lot to a party for use as (i) any fast casual and casual dining restaurant that, as determined by Franchisor, is the same as or substantially similar to the Stores, including, without limitation, any food service establishment or chain of food service establishments that offers rotisserie chicken as a primary menu item, accounting for 25% or more of its entree menu (ii) the granting of permission or consent by acquiescence to the presence of mobile food trucks, carts, stands or other serving vehicles on the Landlord's property where the Premises is located; (iii) place of gambling (whether legal or illegal); or (iv) any sexually oriented business.
15. Under the Franchise Agreement, any lease for the Premises of a Cowboy Chicken store is subject to Company's approval. Accordingly, the Lease is contingent upon such approval.

WITNESS the execution hereof as of the date stated above.

LANDLORD:

By: _____
Name (printed): _____
Title: _____

TENANT:

By: _____
Name (printed): _____
Title: _____

EXHIBIT G

DESIGNATED AREA AND PREMISES

1. As stated in Sections 2(a) and 2(d) of the Agreement, subject to the terms and conditions of the Agreement, the initial Designated Area in which Franchisee will locate and operate the Store is defined as follows:

The Designated Area is considered fixed as of the Effective Date.

2. The Premises for the Store as set forth in Sections 2(a)-(b) of the Agreement is as follows: _____ Upon the Parties' execution of this Exhibit G, Franchisee's Designated Area will be modified for the remainder of the Term in accordance with Section 2(d) of the Agreement. See Map of Premises attached to this Exhibit G, as Attachment G-1.
3. The Opening Date for the Store as set forth in Section 5(b) is as follows: _____. Franchisee will commence construction of the Store no later than _____ which is 60 days prior to the Opening Date.
4. In accordance with the restrictive covenants in Section 19(a) and the definition of Competitive Business in Section 1(j) the following Existing Brands operated by Franchisee are deemed excluded from Competitive Business:

Franchisor hereby approves the continued operation of the above-named brands existing as of the Effective Date and acknowledges that Franchisee may continue to develop additional units of the above-named existing brands within the Designated Area during the Term of the Agreement without any obligation to Franchisor.

FRANCHISOR:

FRANCHISEE:

COWBOY CHICKEN FRANCHISING, LP

[_____]

By: _____

By: _____

Printed Name: _____

Printed Name: _____

Title: _____

Title: _____

ATTACHMENT G-1
TO DESIGNATED AREA AND PREMISES

MAP OF PREMISES

EXHIBIT H

PURCHASE TERMS AND CONDITIONS

If Franchisor exercises its option to purchase under Section 22 of the Agreement following expiration or termination of the Agreement or in the event of the sale of a Controlling Interest in or substantially all of the assets of Franchisee or its parent company pursuant to Section 18(a), Franchisor will purchase the Operating Assets only (in the case of termination of the Agreement) as set forth in Section I below or the Stores (in the case of expiration of the Agreement or a sale pursuant to Section 18(a)) as set forth in Section II below and will assume no liabilities, unless otherwise agreed in writing by the Parties. Franchisor has the unrestricted right to assign this option. Capitalized terms not defined in this Exhibit H have the meanings given in the Agreement.

I. Post-Termination.

Purchase Price of Operating Assets. If the Parties cannot agree on a fair market value of the Operating Assets, fair market value will be determined by independent appraisers as set forth in Section III.

II. Post-Expiration or Change of Control/Sale of Franchisor Pursuant to Section 18(a).

Purchase Price of Store. The purchase price described in Section II(a)-(c) below will be calculated based upon earnings before interest, taxes, depreciation and amortization but after payment of Royalty, Brand Fund Contributions, and any other amounts payable to Franchisor pursuant to the Agreement ("Franchise EBITDA"), as set forth below:

(a) for Stores open and operating for three or more calendar years, a price equal to four times the average annual Franchise EBITDA of the Store during the preceding three-year calendar year period;

(b) for Stores open and operating for at least two calendar years but less than three calendar years, a price equal to four times the average annual Franchise EBITDA of the Store during the preceding two-year calendar period; and

(c) for Stores open and operating for less than two calendar years, a price equal to four times the actual annual Franchise EBITDA for the Store during the preceding calendar year.

In addition, valuations will be based upon earnings before interest, taxes, depreciation and amortization but after payment of Royalty, Brand Fund Contributions, and any other amounts payable to Franchisor, pursuant to the applicable Cowboy Chicken franchise agreements of comparable Stores operating for a similar length of time as well as trends for fast casual restaurant operations in the industry within the Designated Area. If the Parties cannot agree on the purchase price based upon the foregoing, the purchase price will be determined by independent appraisal pursuant to Section III below. If Franchisor does not elect to purchase the Store, then Franchisor will provide written notice to Franchisee to immediately and permanently cease to use, in any manner whatsoever, (1) the Standards and any other confidential methods, procedures and techniques associated with the System; (2) all of the Marks, trade name and all related trade names; and (3) all business forms, advertising and promotional materials, slogans, signs, symbols and devices associated with the System.

III. Valuation by Independent Appraisal.

Valuation of the Operating Assets or Store, as applicable, will be determined by three independent appraisers (each of whom must, at a minimum, satisfy Franchisor's criteria for appraisal and valuation firms as set forth in the Standards) in accordance with the valuation procedures above. Each of the Franchisor and Franchisee may select an appraiser, and the two appraisers will appoint the third appraiser within 15 days from the date on which the last of the two Party-appointed appraisers was appointed. Franchisor and Franchisee will bear the fee, cost and expense of their own appraisers and share equally the fees, cost and expenses of the third appraiser. The appraisers must agree to complete their appraisal within 30 days from the date of the third appraiser's appointment. If the two appraisers are unable to agree on a third appraiser, the fair market value will be determined by the two appraisers and the average of their determinations will be binding.

IV. Offset of Purchase Price.

Franchisor may offset against the purchase price any amounts owed by Franchisee or its Affiliates to Franchisor or any of its Affiliates, pursuant to the Agreement and any other amounts owed by Franchisee or its Affiliate pursuant to any other agreement with Franchisor or its Affiliate. In addition, to the extent the Operating Assets or Store, as applicable, have not been upgraded, modified or improved in accordance with Franchisor's Standards as set forth in Sections 7(c), 8(b), 8(c) and 11(c), Franchisor may offset against the purchase price amounts incurred by Franchisor in completing such upgrades, modifications and improvements to the Operating Assets or Store.

V. Occupancy of Premises.

Leasehold Rights. If Franchisee occupies the Premises pursuant to a Lease, Franchisee will and will cause any Principal or Affiliate to assign the Lease to Franchisor or its designee (subject to landlord's consent). If the Premises is leased from a landlord other than a Principal or Affiliate, on Franchisor's request, Franchisee will assign the Lease to Franchisor or its designee or enter into a sublease with Franchisor or its designee for the remainder of the Lease term on the same terms (including renewal options) as the Lease (subject to landlord's consent). Franchisor acknowledges that this obligation may be subject to approval or consent by any third-party landlord. Franchisee will exert its best efforts to secure any required consent from any third-party landlord to cause the Lease to be assigned or a sublease granted to Franchisor.

If Franchisee owns the Premises, Franchisor, at its option, will upon purchase of the Operating Assets or the Store as described in Section I and Section II above, enter into a standard lease with Franchisee on terms comparable to those for which similar commercial properties in the Designated Area are then being leased. The initial term of the lease with Franchisee will be at least ten years with two options to renew of five years each, and the rent will be the fair market rental value of the Premises. If Franchisee and Franchisor cannot agree on the fair market rental value of the Premises, then appraisers (selected in the manner described in Section III above) will determine such rental value, as applicable.

VI. Closing.

Franchisor will be entitled to all customary warranties and representations in connection with the purchase of the Operating Assets or Store, as applicable, including, without limitation, representations and warranties as to ownership and condition of and title to assets, liens and encumbrances on assets, validity of contracts and agreements, and liabilities affecting the assets, contingent or otherwise. The purchase price will be paid in cash and is due at closing; provided, that Franchisor will have the right to set off from the purchase price (i) all fees due from Franchisee for any appraisal conducted hereunder, (ii)

all amounts due from Franchisee to Franchisor or any of its Affiliates, and (iii) any costs incurred in connection with any escrow arrangement (including reasonable legal fees). The closing will take place not later than 45 days from the date of determination of the purchase price in writing by the appraisers unless the Parties otherwise agree in writing. At the closing, Franchisee will deliver to Franchisor:

A. instruments transferring good and merchantable title to the Operating Assets or Store purchased, free and clear of all liens and encumbrances (other than liens and security interests acceptable to Franchisor), with all sales and other transfer taxes paid by Franchisee (provided, if Franchisee cannot deliver clear title to all of the purchased assets, the closing of the sale will be accomplished through an escrow);

B. instruments transferring all approvals, licenses (including without limitation liquor licenses) and/or permits of the Store which may be assigned or transferred, with appropriate consents, if required;

C. instruments transferring fee simple or leasehold interest in the Premises and improvements thereon, subject to any necessary approvals from third-party landlords or financial institutions or banks; and

D. general releases, in form satisfactory to Franchisor, from Franchisee and its Principals, of any and all claims against Franchisor, its Affiliates, and its officers, directors, employees, agents, successors and assigns.

EXHIBIT I

INSURANCE REQUIREMENTS

The insurance requirements described below are for a single Store. If Franchisee owns multiple Stores, Franchisee must meet the insurance requirements below for each Store and "per Store location" aggregate limits when multiple Stores are insured under single comprehensive general liability policy or liquor liability policy. Franchisor recommends that Franchisee maintain workplace safety and risk management programs at Franchisee's Store. All insurance policies must be issued by a responsible carrier or carriers that has received and maintains an A.M. Best Rating of "(A) V" or better and an A.M. Best Class Rating of VIII (or comparable ratings from a reputable insurance rating service, in the event such A.M. Best ratings are discontinued or materially altered), and otherwise approved by Franchisor; include a waiver of subrogation provision or endorsement in favor of Franchisor Indemnitees; be primary and non-contributory to any other insurance that any of Franchisor Indemnitees for as procured for themselves; provide for 30 days' prior written Notice to Franchisor of any material modification, cancellation, or expiration of such policy. Such endorsements must not contain language that limits the liability afforded to Franchisor and its Affiliates to any amount less than stated on the declarations page of each policy. No insurance policy will contain a provision that in any way limits or reduces coverage for Franchisee in the event of a claim by Franchisor Indemnitees. Such insurance coverage will not include an insured versus insured exclusion or any exclusion that prevents coverage of a claim by one insured against another. All insurance coverage will include a separation of insureds provision. Capitalized terms not defined in this Exhibit I have the meanings set forth in the Agreement.

- (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.

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

EXHIBIT J
STATE ADDENDA

**ADDENDUM TO THE FRANCHISE AGREEMENT PURSUANT TO THE CALIFORNIA
FRANCHISE INVESTMENT LAW**

This Addendum to the Franchise Agreement between Cowboy Chicken Franchising, LP and _____ ("Franchisee") is dated _____. Capitalized terms not defined in this Addendum have the meanings given in the Franchise Agreement. Notwithstanding anything which may be contained in the Franchise Agreement to the contrary, the Franchise Agreement is amended to include the following:

1. Section 4(a) of the Franchise Agreement will be supplemented by the addition of the following statement applicable to franchisees in California.

The Commissioner of the California Department of Business Oversight has imposed a fee deferral requirement of the Initial Franchise Fee due to Franchisor's financial condition. 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.

2. Section 18(c)(2) of the Franchise Agreement is hereby deleted and replaced with the following:

(2) The proposed transferee (and its direct and indirect owners):

- (i) have sufficient business experience, aptitude, assets and financial resources to operate the Store;
- (ii) are individuals of good character and otherwise meet Franchisor's then-applicable Standards for Store franchisees, including without limitation: (A) the proposed transferee must satisfy Franchisor's minimum net worth, liquid asset, equity/debt ratio and credit score requirements; (B) the proposed transferee must submit a complete and accurate franchise application and payment of all applicable fees; (C) the proposed transferee must complete and pass all background checks; (D) there must not be any felony convictions or other crimes of proposed transferee that may adversely affect the Marks, the System or the Franchisor, and there must not be a pleading of no contest to any other of these by the proposed transferee; (E) there have been no previous claims by the proposed transferee against another franchisor or affiliate; (F) the operation or ownership of the Store or proposed transferee's entity will not violate any contracts with any third party; and (G) the proposed transferee must not have a pattern or practice of litigiousness;
- (iii) are not engaged and will not engage in the operation or ownership of a Competitive Business, and will engage only in the operation of the Store; and
- (iv) will cooperate with reasonable due diligence requests made by Franchisor promptly thereafter and if additional time is reasonably needed, then prior to the proposed effective date of the Transfer. Franchisor may expand upon, and provide more details related to, the

conditions for transfer and Franchisor's consent as described in this Section 18(c), and may do so in the Manuals or otherwise in writing. Franchisor may, but is not obligated to, provide additional details regarding the transfer conditions and Franchisor's consent to Franchisee.

Each of the undersigned hereby acknowledges having read and understood this Addendum and consents to be bound by all of its terms.

FRANCHISEE:

[_____]

FRANCHISOR:

Cowboy Chicken Franchising, LP

Printed Name: _____

Title: _____

Printed Name: _____

Title: _____

**ADDENDUM TO THE FRANCHISE AGREEMENT PURSUANT TO THE
ILLINOIS FRANCHISE DISCLOSURE ACT**

This Addendum to the Franchise Agreement between Cowboy Chicken Franchising, LP ("Franchisor") and _____ ("Franchisee") is dated _____. Capitalized terms not defined in this Addendum have the meanings given in the Franchise Agreement. Notwithstanding anything which may be contained in the Franchise Agreement to the contrary, the Franchise Agreement is amended to include the following:

1. Section 4(a) of the Franchise Agreement will be supplemented by the addition of the following statement applicable to franchisees in Illinois:

"Based on Franchisor's financial condition, the Illinois Attorney General's Office has imposed a fee deferral requirement. Accordingly, Franchisee will not be required to pay the initial Development Fee, Initial Franchise Fee, construction-related fees and grand opening marketing fees due to Franchisor and/or its affiliates under the Area Development Agreement or first Franchise Agreement, until Franchisor has completed all its pre-opening obligations to Franchisee under the Area Development Agreement or first Franchise Agreement and Franchisee begins operating its first franchised Store."

2. Section 20 of the Franchise Agreement, under the heading "Default and Termination," will be supplemented by the addition of the following sentence: "The conditions under which this franchise can be terminated and the parties' rights upon nonrenewal may be affected by the Illinois Franchise Disclosure Act, 815 ILCS 705/19 and 705/20."
3. Section 26(b) of the Franchise Agreement will be supplemented by the addition of the following sentence: "Notwithstanding the foregoing, any claims Franchisee may have under the Illinois Franchise Disclosure Act will be governed by Illinois law."
4. Section 26(d) of the Franchise Agreement will be supplemented by the addition of the following sentence: "Notwithstanding the foregoing, any provision of this Section 26(d) that designates jurisdiction or venue in a forum outside the State of Illinois is void, provided that the Agreement may provide for arbitration in a forum outside of the State of Illinois as set forth in Section 26(c)(4)."
5. The following sentence is added to the end of the Franchise Agreement: "Section 41 of the Illinois Franchise Disclosure Act states that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of the Act or any other law of the State of Illinois is void."
6. Except as amended in this Addendum, the Franchise Agreement will be construed and enforced in accordance with its terms.

Each of the undersigned hereby acknowledges having read and understood this Addendum and consents to be bound by all of its terms.

FRANCHISEE:

[_____]

Printed Name: _____

Title:

FRANCHISOR:

Cowboy Chicken Franchising, LP

Printed Name: _____

Title:

**ADDENDUM TO THE FRANCHISE AGREEMENT PURSUANT TO THE
MARYLAND FRANCHISE DISCLOSURE ACT**

This Addendum to the Franchise Agreement between Cowboy Chicken Franchising, LP ("Franchisor") and _____ ("Franchisee") is dated _____. Capitalized terms not defined in this Addendum have the meanings given in the Franchise Agreement. Notwithstanding anything which may be contained in the Franchise Agreement to the contrary, the Franchise Agreement is amended to include the following:

1. The provisions of this Addendum for an integral part of and are incorporated into the Franchise Agreement. This Addendum is being executed because (a) the offer or sale of the franchise to Franchisee was made in the State of Maryland; (b) Franchisee is a resident of the State of Maryland; and/or (c) the Store will be located in the State of Maryland.
2. Sections 3(b) and 18(c) of the Franchise Agreement will be supplemented by the addition of the following sentence: "However, any release required as a condition of renewal, sale and/or assignment/transfer will not apply to any claims or liability arising under the Maryland Franchise Registration and Disclosure Law."
3. Section 4(a) of the Franchise Agreement will be supplemented by the addition of the following statement applicable to franchisees in Maryland: "Based upon the Franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Accordingly, Franchisee will not be required to pay the Initial Franchise Fee, construction-related fees and grand opening marketing fees due to Franchisor and/or its affiliates under the Franchise Agreement, until Franchisor has completed all its pre-opening obligations to Franchisee under the Franchise Agreement and Franchisee begins operating its franchised Store."
4. Section 20(a)(4) of the Franchise Agreement will be supplemented by the addition of the following sentence: "This Section 20(a)(4) may not be enforceable under federal bankruptcy law (11 U.S.C. §§ 101 et seq.)."
5. Section 26(d) of the Franchise Agreement will be supplemented by the addition of the following sentence: "The Franchise Agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act there is some dispute as to whether this forum selection requirement is legally enforceable."
6. Section 26(e) of the Franchise Agreement will be supplemented by the addition of the following sentence: "Franchisee must bring any claims arising under the Maryland Franchise Registration and Disclosure Law within three years after Franchisor grants Franchisee the franchise."
7. The following is added as a new Section 28(j) to the end of the Franchise Agreement: "All representations requiring Franchisee to assent to a release, estoppel or waiver of liability 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."
8. Except as amended in this Addendum, the Franchise Agreement will be construed and enforced in accordance with its terms.

Each of the undersigned hereby acknowledges having read and understood this Addendum and consents to be bound by all of its terms.

FRANCHISEE:

[_____]

Printed Name: _____

Title: _____

FRANCHISOR:

Cowboy Chicken Franchising, LP

Printed Name: _____

Title: _____

**ADDENDUM TO THE FRANCHISE AGREEMENT PURSUANT TO THE NORTH DAKOTA
FRANCHISE INVESTMENT LAW**

This Addendum to the Franchise Agreement between Cowboy Chicken Franchising, LP ("Franchisor") and _____ ("Franchisee") is dated _____. Capitalized terms not defined in this Addendum have the meanings given in the Franchise Agreement. Notwithstanding anything which may be contained in the Franchise Agreement to the contrary, the Franchise Agreement is amended to include the following:

1. The provisions of this Addendum for an integral part of and are incorporated into the Franchise Agreement. This Addendum is being executed because (a) Franchisee is a resident of the State of North Dakota and the Store that Franchisee will operate under the Franchise Agreement will be located in North Dakota; and/or (b) any of the offering or sales activity relating to the Franchise Agreement occurred in North Dakota.

2. Sections 3(b) and 18(c) of the Franchise Agreement will be supplemented by the addition of the following sentence: "Any release required as a condition of renewal, sale and/or assignment/transfer will not apply to the extent prohibited by the North Dakota Franchise Investment Law."

3. Covenants not to compete such as those mentioned in Section 19(a) of the Franchise Agreement may be unenforceable in the State of North Dakota except in certain circumstances provided by law."

4. Section 21(a) of the Franchise Agreement will be supplemented by the addition of the following sentence: "Any provision requiring Franchisee to pay liquidated damages may not be enforceable."

5. Sections 26(b) and 26(d) of the Franchise Agreement will be supplemented by the addition of the following sentence: "Notwithstanding anything contained in this Section to the contrary, to the extent required by North Dakota Franchise Investment Law, any provision requiring Franchisee to consent to the jurisdiction of courts outside North Dakota or to consent to the application of laws of a state other than North Dakota is void."

6. Sections 26(b), 26(g) and 26(j) of the Franchise Agreement will be supplemented by the addition of the following sentence: "Pursuant to North Dakota Franchise Investment Law, any provision requiring Franchisee to waive its right to jury trial, exemplary or punitive damages or class actions may not be enforceable."

7. Section 26(e) of the Franchise Agreement will be supplemented by the addition of the following sentence: "Notwithstanding anything contained in this Section 26(e) to the contrary, the statute of limitations under North Dakota Law applies with respect to claims arising under the North Dakota Franchise Investment Law."

8. Except as amended in this Addendum, the Franchise Agreement will be construed and enforced in accordance with its terms.

Each of the undersigned hereby acknowledges having read and understood this Addendum and consents to be bound by all of its terms.

FRANCHISEE:

[_____]

FRANCHISOR:

Cowboy Chicken Franchising, LP

Printed Name: _____
Title: _____

Printed Name: _____
Title: _____

EXHIBIT D

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

Michigan Department of Attorney General
Consumer Protection Division, Franchise Unit
525 West Ottawa Street
G. Mennen Williams Building, 1st Floor
Lansing, Michigan 48933
(517) 335-7567

MINNESOTA

Commissioner of Commerce
85 7th Place East, Suite 280
St. Paul, Minnesota 55101-2198
(651) 539-1500

NEW YORK

New York State Department of Law
Investor Protection Bureau
28 Liberty St., 21st Floor
New York, New York 10005
(212) 416-8236

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 Insurance
Securities Regulation
124 S Euclid, Suite 104
Pierre SD 57501
(605) 773-3563

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

Department of Financial Institutions
Division of Securities
4822 Madison Yards Way, North Tower
Madison, Wisconsin 53705
(608) 261-9555

EXHIBIT E

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

Michigan Department of Commerce
Corporations and Securities Bureau
P.O. Box 30054
6546 Mercantile Way
Lansing, Michigan 48909

MINNESOTA

Commissioner of Commerce
85 7th Place East, Suite 280
St. Paul, Minnesota 55101

NEW YORK

New York Department of State
Attn: New York Secretary of State
One Commerce Plaza
99 Washington Avenue, 6th Floor
Albany, NY 12231-0001

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

Department of Labor and Regulation
Division of Insurance
Securities Regulation
124 S Euclid, Suite 104
Pierre SD 57501

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

Department of Financial Institutions
Division of Securities
4822 Madison Yards Way, North Tower
Madison, Wisconsin 53705

EXHIBIT F
TABLE OF CONTENTS
BRAND STANDARDS MANUAL
COWBOY CHICKEN
BRAND STANDARDS MANUAL

Introduction	19 pgs
History of Cowboy Chicken	4 pgs
It's All About The Chicken!	16 pgs
Recipes and Prep	4 pgs
Setting the Line	4 pgs
Line Production and Product Assembly	9 pgs
Ordering, Receiving and Storage	23 pgs
Food Safety	28 pgs
Guest Service	11 pgs
Cashier Training Manual	20 pgs
Front of the House	6 pgs
POS System and Technology System	27 pgs
Catering	10 pgs
Shift Management	24 pgs
Personnel Training	14 pgs
Store Security	28 pgs
Associate Safety	21 pgs
Personnel Brand Standards	15 pgs
Accounting Policies	11 pgs
Store and Equipment Maintenance	6 pgs
Management Brand Standards	58 pgs
	358 Total Pages

EXHIBIT G

**LIST OF CURRENT FRANCHISEES AND FRANCHISEES THAT HAVE LEFT THE
SYSTEM AS OF DECEMBER 31, 2019**

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, 2019:

Franchisee	Franchised Location(s)
CALIFORNIA	
TEXACAL FOODS, LLC 101 N. Irwin St., #207, Hanford, CA 93230 Kevin Roche, Owner - Operations Expertise 559-362-3257 kroche32@yahoo.com	5620 California Avenue, #A Bakersfield, CA 93309 (661) 479-7606
TEXACAL FOODS, LLC 101 N. Irwin St., #207, Hanford, CA 93230 Kevin Roche, Owner - Operations Expertise 559-362-3257 kroche32@yahoo.com	10562 Craftsman Way, Suite 192 San Diego, CA 92127 (858) 674-1981
TEXACAL FOODS, LLC 101 N. Irwin St., #207, Hanford, CA 93230 Kevin Roche, Owner - Operations Expertise 559-362-3257 kroche32@yahoo.com	5050 N. Palm Ave. Fresno, CA 93705 (559) 244-0142
GEORGIA	
Jake 22 Management Co. Van Jakes P.O. Box 519 Redan, GA 30074	90 South Point Blvd. McDonough, GA 30253 (770) 629-2774
LOUISIANA	
V2V Management Mark Verinder 17552 Kaitlyn Dr Baton Rouge, LA 708517 225-772-6775 mverinder@cowboychicken.com	6555 Siegen Ln. Baton Rouge, LA , 70809 Phone: (225) 778-7855
OKLAHOMA	
Southern Fired Chicken Bryan Neal 2090 Equestrian Lane Tyler, Texas 75703 bneal@ccim.net 903-780-7626	13801 N. Pennsylvania Ave., Suite A Oklahoma City, OK 73134 (405) 753-4005

Franchisee	Franchised Location(s)
Southern Fired Chicken Bryan Neal 2090 Equestrian Lane Tyler, Texas 75703 bneal@ccim.net 903-780-7626	410 S. Bryant, #100 Edmond, OK 73034 (405) 562-7944
TEXAS	
Vesta Restaurant Group LLC Campfire Allen, LLC Attn: Mark D. Jordan 2435 N. Central Expressway, Suite 1650 Richardson, TX 75080 (972) 458-7600	190 E Stacy Rd # 1300 Allen, TX 75002-8766 (972) 678-3020
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 (940) 320-3272
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 (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 (281) 676-8202

Franchisee	Franchised Location(s)
Alvie Capital LLC Alvie Britton 5111 N. 10th St. McAllen, TX 78504 <u>alviebritton@gmail.com</u> (NORTH)	1020 Nolana St. McAllen, TX 78501 (956)-686-7777
Alvie Capital LLC Alvie Britton 5111 N. 10th St. McAllen, TX 78504 <u>alviebritton@gmail.com</u> (SOUTH)	3400 W. Expressway 83 Bldg 100, Suite 100 McAllen, TX 78501 (956) 429-3999
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
Sherman Chicken, LLC Al Denson 3803 Ward Meal Rd. Bells, TX 75414	3811 N. Hwy. 75 #200 Sherman, TX, 75090 (903) 892-6000
3340 Wylie, LLC Jimmy Hajeer P. O. Box 851 Terrell, TX 75160 <u>whajeer@aol.com</u>	3360 W. FM 544 #950 Wylie, TX, 75098 Phone: (972) 442-0606

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 franchisees left the system during our 2019 fiscal year:

KANSAS (Wichita)	KANSAS (Manhattan)
FRCG Chicken, LLC Brendan Crowley - Owner 752 N. 129th, Omaha, NE 68154 402-216-4411 (mobile) brendan@frcgroup.net	FRCG Chicken, LLC Brendan Crowley - Owner 752 N. 129th, Omaha, NE 68154 402-216-4411 (mobile) brendan@frcgroup.net
SOUTH DAKOTA	TEXAS
FRCG Chicken, LLC Brendan Crowley - Owner 752 N. 129th, Omaha, NE 68154 402-216-4411 (mobile) brendan@frcgroup.net	CC Forney LLC Jimmy Hajeer - Owner P. O. Box 851 Terrell, TX 75160 whajeer@aol.com

Franchise Agreements signed but Stores not opened

None.

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 5 and Item 7 of the Disclosure Document are supplemented by the following language:

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 Area Development Agreement or first Franchise Agreement, until we have completed all our pre-opening obligations to you under the Area Development Agreement or first Franchise Agreement and you begin operating your first franchised Store.

3. 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 Area Development Agreement and/or Franchise Agreement contains a provision that is inconsistent with the law, the law will control.

The Area 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 Area 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 Area Development Agreement and/or Franchise Agreement requires application of the laws of Texas. This provision may not be enforceable under California law.

The Area 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 Area 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 Area 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.

4. 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.
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.dbö.ca.gov.

EXHIBIT I
FRANCHISEE QUESTIONNAIRE

**COWBOY CHICKEN FRANCHISING, LP
SUMMARY OF ACKNOWLEDGMENTS AND
FRANCHISEE QUESTIONNAIRE**

Franchisee: _____

State of Formation: _____

Address of Principal Place of Business: _____

Franchisee's Representative: _____

Residence Address of Representative: _____

As you know, Cowboy Chicken Franchising, LP ("Franchisor") and the Franchisee ("You") are preparing to enter into a Franchise Agreement for the operation of a Cowboy Chicken store (the "Franchise"). The purpose of this Summary of Acknowledgments and Franchise Questionnaire is to determine whether any statements or promises were made to you that Franchisor has not authorized and that may be untrue, inaccurate or misleading. Please review each of the following questions carefully and provide honest responses to each question.

Indicate your acknowledgment and agreement with each of the following statements by initialing each and signing below:

_____ The Franchisee is a domiciliary of the State of _____ and is not a domiciliary of any other state.

_____ The Territory to be developed and/or location of the franchised business is:

_____ You received and reviewed Franchisor's Franchise Disclosure Document ("FDD") dated _____ (issuance date).

_____ You received the FDD at least 14 calendar days before execution of the Franchise Agreement and any other agreement with Franchisor or its Affiliate at least 14 calendar days before making any payment for the franchise.

Date of Receipt: _____

_____ You signed a Receipt for the FDD indicating the date You received it.

_____ You understand the information contained in the FDD.

_____ You received and personally reviewed the Franchise Agreement and each exhibit attached to it.

_____ You received a copy of the Franchise Agreement with all material blanks fully completed.

Date of Receipt: _____

- _____ You understand your financial and other obligations under the Franchise Agreement.
- _____ You have discussed the economic and business risks of owning and operating the Franchise with an attorney, accountant or other professional advisor.
- _____ You understand the economic and business risks of owning and operating the Franchise with an attorney, accountant or other professional advisor.
- _____ You understand the economic and business risks associated with operating the Franchise.
- _____ You understand that You must satisfactorily complete the initial training before Franchisor will allow your Franchise to open, or otherwise before Franchisor will consent to a transfer of your Franchise.
- _____ You understand that the success or failure of the Franchise will depend in large part upon your skills and abilities, business acumen, the location, the local market for products under our trademarks, the local competition, interest rates, the economy, inflation, the number of employees You hire and their compensation and other economic and business factors. You further acknowledge that the economic and business factors that exist at the time of opening of the Franchise may change.
- _____ No employee or other person speaking on behalf of Franchisor made any statement or promise to You or anyone else regarding the amount of money You may earn in operating the Franchise that is contrary to, or different from, the information contained in the FDD.
- _____ No employee or other person speaking on behalf of Franchisor made any statement or promise to You or anyone else concerning the total revenues the Franchise may generate that is contrary to, or different from, the information contained in the FDD.
- _____ No employee or other person speaking on behalf of Franchisor made any statement or promise to You or anyone else regarding the costs involved in operating the Franchise that are contrary to, or different from, the information contained in the FDD.
- _____ No employee or other person speaking on behalf of Franchisor made any statement or promise to You or anyone else concerning the actual, average or projected profits or earnings or the likelihood of success that You should or might expect to achieve from operating the Franchise that is contrary to, or different from, the information contained in the FDD.
- _____ No employee or other person speaking on behalf of Franchisor made any statement or promise to You or anyone else, other than those matters addressed in your Franchise Agreement, concerning advertising, marketing, media support, market penetration, training, support service or assistance relating to the Franchise that is contrary to, or different from, the information contained in the FDD.

_____ You understand that You have not been granted any territorial rights other than as specifically set forth in the Franchise Agreement or Development Agreement.

_____ You understand Franchisor or other Franchisee operated stores may open near your stores so long as they are outside of any geographically defined radius restriction or protected territory specifically defined in your Agreements.

_____ You understand that Franchisor and its affiliates retain the right to engage, directly or through others, in the production, distribution or sale of food products, beverages and services under the Franchisor's name under systems other than the system pursuant to which your location is operated, and that these other methods of distribution may compete with your Store.

_____ You acknowledge that the license granted in the Franchise Agreement is for the right to operate a franchise at the Designated Area only and, other than expressly set forth in writing in the Franchise Agreement, includes no exclusive area or protected area, and that in the absence of a valid Development Agreement in good standing for the subject Territory, the Franchisor and its affiliates have the right to issue franchises or operate company-operated Stores at locations near the Designated Area.

If you did not acknowledge or agree to any question please provide a full explanation in the following blank lines. (Attach additional pages, if necessary, and refer to them below.) If you have acknowledged and agreed to each of the foregoing questions, please leave the following lines blank.

Which of our representatives/employees have You worked with during the franchise sales process? _____

Have all of your questions been answered? _____ Yes _____ No

You understand that your answers are important to us and we will rely on them.

By signing this Summary of Acknowledgments and Franchisee Questionnaire, you are representing that you have responded truthfully to the above questions. This Questionnaire cannot be signed and dated the same day as the Receipt but must be signed and dated the same date you sign your Franchise Agreement and remit your Franchise Fee.

Name of Franchise Applicant

Dated: _____

[NAME OF FRANCHISEE]

By: _____

Name: _____

Title: _____

Dated: _____

EXHIBIT J

APPLICANT NON-DISCLOSURE AGREEMENT

APPLICANT NON-DISCLOSURE AGREEMENT

This Applicant Non-Disclosure Agreement ("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").

In connection with your consideration of the purchase of a Cowboy Chicken Franchise from us, we wish to give you access to certain confidential and proprietary information and documents related to our business.

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. Definition of Confidential Information. The term "Confidential Information" means any and all information, knowledge, know-how, trade secrets, trade dress, methodologies, techniques, procedures, applications and materials, in whatever form, used in or related to the Cowboy Chicken brand or restaurant system which Cowboy Chicken provides to Applicant, or which Applicant has access to, in connection with this Agreement, due diligence in connection with the purchase of a Cowboy Chicken Franchise, including without limitation Cowboy Chicken's standards, requirements, specifications, techniques, methods, policies and procedures of the Cowboy Chicken brand and system for the development and operation of Cowboy Chicken restaurants; Cowboy Chicken's operations and training manuals; any ingredients, formulae and recipes applicable to menu items; Cowboy Chicken's or its affiliates' product sourcing, pricing, manufacturing, inventory management and control, supply and distribution; technology, point of sale and related computer software; advertising, marketing and promotional programs including gift card, loyalty and customer reward programs; customer data; financial data and statements; training and operational methodology, content (including without limitation inventory and financial controls) and management programs; and any other information or data regarding the business of Cowboy Chicken or any of its affiliates that would reasonably be considered the proprietary or confidential information of Cowboy Chicken or any of its affiliates.

2. Your Agreement to Maintain Confidentiality. 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. 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.

7. 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.

8. 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.

9. 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

COWBOY CHICKEN

[insert name]

COWBOY CHICKEN FRANCHISING, LP
a Texas limited liability partnership

By: _____
Print Name: _____
Its: _____
Date: _____

By: _____
Print Name: _____
Its: _____
Date: _____

[insert name]

By: _____
Print Name: _____
Its: _____
Date: _____

By: _____
Print Name: _____
Date: _____

By: _____
Print Name: _____
Date: _____

EXHIBIT K
FORM OF GENERAL RELEASE

FORM OF GENERAL RELEASE

THIS GENERAL RELEASE ("Release") is executed on _____ by _____ ("Developer/Franchisee") and _____ ("Guarantors") as a condition of (1) transfer or renewal of the Area Development Agreement dated _____ ("Development Agreement") between Developer and Cowboy Chicken Franchising, LP ("Franchisor"); and/or (2) transfer or renewal of the Franchise Agreement dated _____ ("Franchise Agreement") between Franchisee and Franchisor.

1. Release by Developer/Franchisee and Guarantors. [Developer/Franchisee] and Guarantors, on behalf of themselves and their successors, heirs, personal representatives, executors, administrators, personal representatives, agents, contractors, assigns, partners, shareholders, members, directors, officers, members, principals, employees, parents, subsidiaries, and affiliated entities, (collectively "Releasors") freely and without any influence forever release Franchisor, its parent, subsidiaries and affiliates and their respective past and present officers, directors, shareholders, agents and employees, in their corporate and individual capacities (collectively, the "Released Parties"), from any and all claims, demands, liabilities and causes of action of whatever kind or nature, whether known or unknown, vested or contingent, suspected or unsuspected (collectively "Claims"), that Releasors ever owned or held, now own or hold or may in the future own or hold, including, without limitation, claims arising under federal, state and local laws, rules and ordinances, claims for contribution, indemnity and/or subrogation, and claims arising out of, or relating to the [Development/Franchise] Agreement and all other agreements between Franchisee and/or any Guarantor and any Released Parties, arising out of, or relating to any act, omission or event occurring on or before the date of this Release, unless prohibited by applicable law.

2. Risk of Changed Facts. [Developer/Franchisee] and Guarantors understand that the facts in respect of which the Release in Section 1 above is given may turn out to be different from the facts now known or believed by them to be true. [Developer/Franchisee] and Guarantors hereby accept and assume the risk of the facts turning out to be different and agree that the Release shall nevertheless be effective in all respects and not subject to termination or rescission by virtue of any such difference in facts.

3. No Prior Assignment. [Developer/Franchisee] and Guarantors represent and warrant that the Releasors are the sole owners of all Claims and rights released hereunder and that Releasors have not assigned or transferred, or purported to assign or transfer, to any person or entity, any Claim released under Section 1 above.

4. Covenant Not to Sue. [Developer/Franchisee] and Guarantors, on behalf of themselves and Releasors, covenant not to initiate, prosecute, encourage, assist, or (except as required by law) participate in any civil, criminal, or administrative proceeding or investigation in any court, agency, or other forum, either affirmatively or by way of cross-claim, defense, or counterclaim, against any person or entity released under Section 1 above with respect to any Claim released under Section 1 above.

5. Complete Defense. [Developer/Franchisee] and Guarantors: (i) acknowledge that this Release shall be a complete defense to any Claim released under Section 1 above; and (ii) consent to the entry of a temporary or permanent injunction to prevent or end the assertion of any such Claim.

6. Successors and Assigns. This Release will inure to the benefit of and bind the successor, assigns, heirs and personal representatives of Franchisor and each Releasor.

ATTEST:

DEVELOPER/FRANCHISEE:

Print Name: _____

Print Name: _____

Title: _____

Date: _____

WITNESS:

GUARANTOR:

Print Name: _____

Print Name: _____

Date: _____

WITNESS:

GUARANTOR:

Print Name: _____

Print Name: _____

Date: _____

[This Release will be modified as necessary for consistency with any state law regulating franchising.]

State Effective Dates

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

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

State	Effective Date
California	
Hawaii	Not Registered
Illinois	Not Registered
Indiana	Not Registered
Maryland	Not Registered
Michigan	Not Registered
Minnesota	Not Registered
New York	Not Registered
North Dakota	Not Registered
Rhode Island	Not Registered
South Dakota	Not Registered
Virginia	
Washington	Not Registered
Wisconsin	Not Registered

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

ITEM 23
RECEIPT

(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, Iowa 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.

Cowboy Chicken Franchising, LP is located at 3450 E. Hebron Parkway, Carrollton, Texas 75010. Its telephone number is (214) 989-7830. The franchise sellers for this offering are _____, at 3450 E. Hebron Parkway, Carrollton, Texas 75010, (214) 989-7830 and _____.

Cowboy Chicken Franchising, LP has authorized the persons listed on **Exhibit E** to this Disclosure Document to receive service of process for us in Texas and states where our franchise is registered.

Issuance Date July 15, 2020, as amended August 10, 2020

I have received a Franchise Disclosure Document dated July 15, 2020, as amended August 10, 2020 (or the later date set forth for each applicable state on the state cover page to this Disclosure Document), which includes the following exhibits:

- A. FINANCIAL STATEMENTS
- B. AREA DEVELOPMENT AGREEMENT
- C. FRANCHISE AGREEMENT
- D. STATE ADMINISTRATORS
- D. AGENTS FOR SERVICE OF PROCESS
- F. TABLE OF CONTENTS OF BRAND STANDARDS MANUAL
- G. LIST OF CURRENT FRANCHISEES AND FRANCHISEES THAT HAVE LEFT THE SYSTEM AS OF DECEMBER 31, 2019
- H. STATE ADDENDA TO FRANCHISE DISCLOSURE DOCUMENT
- I. FRANCHISEE QUESTIONNAIRE
- J. APPLICANT NON-DISCLOSURE AGREEMENT
- K. FORM OF GENERAL RELEASE

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.

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, Iowa 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.

Cowboy Chicken Franchising, LP is located at 3450 E. Hebron Parkway, Carrollton, Texas 75010. Its telephone number is (214) 989-7830. The franchise sellers for this offering are _____, at 3450 E. Hebron Parkway, Carrollton, Texas 75010, (214) 989-7830 and _____.

Cowboy Chicken Franchising, LP has authorized the persons listed on **Exhibit E** to this Disclosure Document to receive service of process for us in Texas and states where our franchise is registered.

Issuance Date: July 15, 2020, as amended August 10, 2020

I have received a Franchise Disclosure Document dated July 15, 2020, as amended August 10, 2020 (or the later date set forth for each applicable state on the state cover page to this Disclosure Document), which includes the following exhibits:

- A. FINANCIAL STATEMENTS
- B. AREA DEVELOPMENT AGREEMENT
- C. FRANCHISE AGREEMENT
- D. STATE ADMINISTRATORS
- E. AGENTS FOR SERVICE OF PROCESS
- F. TABLE OF CONTENTS OF BRAND STANDARDS MANUAL
- G. LIST OF CURRENT FRANCHISEES AND FRANCHISEES THAT HAVE LEFT THE SYSTEM AS OF DECEMBER 31, 2019
- H. STATE ADDENDA TO FRANCHISE DISCLOSURE DOCUMENT
- I. FRANCHISEE QUESTIONNAIRE
- J. APPLICANT NON-DISCLOSURE AGREEMENT
- K. FORM OF GENERAL RELEASE

Prospective Franchisee

Prospective Franchisee

Date

Date