FRANCHISE DISCLOSURE DOCUMENT

DAQ, Inc.
a Louisiana corporation
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Mandeville, Louisiana 70471
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Website: www.fattuesday.com

The franchisee will operate a "Fat Tuesday" business providing a menu of distinctive food and beverage items and related approved merchandise (a "**Fat Tuesday Location**").

The total initial investment necessary to begin operation of a Fat Tuesday Location ranges from $544,000 to $931,000 for a "Free Standing" Fat Tuesday Location, $479,000 to $1,079,000 for an "In-Line" Fat Tuesday Location, and $405,000 to $688,000 for a Drive-Thru Location. This includes $22,500 to $27,000 that must be paid to the franchisor or its affiliates.

If you sign an area development agreement, your estimated initial investment under that agreement will vary depending on how many Fat Tuesday Locations you agree to develop. This includes a development fee in the amount of $10,000 that you must pay to us for each Fat Tuesday Location to be developed; so the total amount of the development fee will be subject to our mutual agreement and will vary taking into account a number of factors.

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, contact James Vitrano at DAQ, Inc., 1115 N. Causeway Blvd. Suite 200, Mandeville, Louisiana 70471 (tel: 504.831.9415).

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

The issuance date of this Franchise Disclosure Document is May 5, 2020.

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 E.
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 G 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 Fat Tuesday 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 Fat Tuesday franchisee?	Item 20 or Exhibit E list current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

WHAT YOU NEED TO KNOW ABOUT FRANCHISING *GENERALLY*

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

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

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

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

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

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

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

Some States Require Registration

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

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:

Out-of-State Dispute Resolution. The franchise agreement requires you to resolve disputes with us by mediation and litigation in Louisiana. Out of state mediation and litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate and litigate in Louisiana than in your own state.

Mandatory Minimum Payments. You must make mandatory minimum royalty payments or advertising contributions regardless of your sales levels. Your inability to make these payments may result in termination of your franchise and loss of your investment.

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.

Short Operating History. The franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.

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.

DAQ, INC.

FRANCHISE DISCLOSURE DOCUMENT

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Item 1 The Franchisor, And Any Parents, Predecessors, And Affiliates

The Franchisor

DAQ, Inc. ("**us**," "**our**," or "**we**") is a Louisiana corporation that was organized on July 23, 2018. We maintain our principal place of business at 1115 N. Causeway Blvd. Suite 200, Mandeville, Louisiana 70471 (tel: 504.831.9415). We do not maintain sales offices at any location other than our principal place of business. We conduct business under the name and mark "Fat Tuesday" and "New Orleans Original Daiquiris" and we do not conduct business under other names.

We began offering Fat Tuesday location ("**Fat Tuesday Locations**") franchises in the third quarter of 2018, but as described below, our affiliate David Briggs Enterprises, Inc. ("**DBE**") offered licenses for Fat Tuesday Locations from 1984 to August 2018. We also began offering franchises for "New Orleans Original Daiquiri" locations ("**NOOD Locations**") in the third quarter of 2018, but as described below, our affiliate DBE offered franchises for NOOD Locations from 1993 to 2001. We do not offer franchises for NOOD Locations in this disclosure document, and we only offer such franchises in a separate franchise disclosure document.

We do not engage in any types of business activities other than operating and franchising Fat Tuesday Locations and NOOD Locations. Except as described below, neither we nor any of our affiliates have offered, or currently offer, franchises in other lines of business.

Our agents for service of process are disclosed in Exhibit D to this disclosure document.

Our Parent, Predecessor, and Affiliates

Our parent entity is Briggs Investments, Inc. ("**BII**"), a Louisiana corporation organized on December 10, 1999. BII also maintains its principal place of business at the same offices as we do (1115 N. Causeway Blvd. Suite 200, Mandeville, Louisiana 70471). Our affiliate-owned Fat Tuesday Locations are each operated as single purpose entities, each of which are owned by BII. As of December 31, 2019 there were 13 such affiliate-owned Fat Tuesday Locations operating in the U.S. As of December 31, 2019, BII also had one licensed Fat Tuesday Location in the U.S. Except for this single licensed Fat Tuesday Location, BII has never offered franchises in any line of business.

Our affiliate, DBE, is a Texas corporation organized on May 3, 1983. DBE also maintains its principal place of business at the same offices as we do (1115 N. Causeway Blvd. Suite 200, Mandeville, Louisiana 70471). As noted above, DBE in the past offered licenses for Fat Tuesday Locations and franchises for NOOD Locations. These licensed locations are identified in Item 20 below. The "licenses" that DBE offered in the past for Fat Tuesday Locations is merely a different term used by DBE, and the terms of those license agreements are not materially different from those we offer under our Franchise Agreement (defined below). Following our inception in July 2018, DBE assigned to us all of its rights to each of these licensed locations. Except for these licenses and franchises, DBE has never offered franchises in any line of business. DBE also operates, through wholly-owned subsidiaries, the company-owned NOOD Locations in the U.S. As of December 31, 2019 in the U.S. there were 12 licensed Fat Tuesday Locations, 16 franchised NOOD Locations, and 27 company-owned NOOD Locations.

DBE is a supplier of certain items to Fat Tuesday Locations, including our proprietary daiquiri mixes. DBE also owns all of the "Fat Tuesday" intellectual property, including our trademarks. As

noted in Item 13 below, DBE has licensed to us the right to use and to license others to use the Proprietary Marks (defined below).

Our former affiliate, Fat T, Inc. offered franchises for Fat Tuesday Locations from August 1992 to February 2000. Fat T, Inc. was a Louisiana corporation formed on August 10, 1992 and was dissolved on February 22, 2000. Its principal place of business was 701 Metairie Road, Old Metairie Village, Metairie, Louisiana 70005.

Except as described above, we have no other parents, predecessors or affiliates that must be included in this Item.

The Franchise Rights Offered

A Fat Tuesday Location is operated in a building that bears our trade dress (interior, exterior, or both) and specializes in the sale of "**Proprietary Items**" (which include items such as drink mixes and other such additional products that we may periodically specify), as well as non-proprietary items and other beverage items) for on premises and carry-out consumption (collectively, the "**Products**").

Among the distinguishing characteristics of a Fat Tuesday Location are that it operates under our "Fat Tuesday" system (the "**System**"). Our System includes (among other things): Products; equipment layouts; signage; distinctive interior and exterior design and accessories; operational procedures; quality and uniformity of products and services offered; recipes, procedures for management and inventory control; training and assistance; marketing programs; and distinctive trade dress (all of which we may periodically change, improve, and further develop).

We offer to enter into franchise agreements ("**Franchise Agreements**") with qualified corporations and persons ("**you**") that wish to establish and operate a Fat Tuesday Location. (In this disclosure document, "you" means the person or legal entity with whom we enter into an agreement. The term "you" also refers to the direct and indirect owners of a corporation, partnership, limited liability company, or limited liability partnership that signs a Franchise Agreement as the "franchisee.")

Under a Franchise Agreement, we will grant you the right (and you will accept the obligation) to operate one Fat Tuesday Location (the "**Franchised Business**") at an agreed-upon specified location (the "**Approved Location**").

We identify the System by means of certain trade names (for example, the "FAT TUESDAY" mark and logo), service marks, logos, emblems, and indicia of origin, as well as other trade names, service marks, and trademarks that we may periodically specify (all of these are referred to as our "**Proprietary Marks**"). We continue to develop, use, and control the use of our Proprietary Marks in order to identify for the public the source of services and products marketed under those marks and under the System, and to represent the System's high standards of quality, appearance, and service. Fat Tuesday Locations must operate according to our standards and procedures, as set out in our confidential manual and other written instructions relating to the operation of a Fat Tuesday Location (the "**Manual**").

Fat Tuesday Locations will be operated from indoor structures that bear the Proprietary Marks and are decorated to meet our specifications (including the use of our trade dress, trademark, and design). There are three different formats for Fat Tuesday Locations: an "**In-Line Location**" format that ranges from 500 to 1,500 square feet, a "**Free Standing Location**" format that ranges

from 1,800 to 3,500 square feet, and a "**Drive-Thru Location**" ranges from 500 to 2,500 square feet. The difference between these three formats is principally (a) size, and that (b) a Free Standing Location has as a dedicated consumer area for consumption of products within the leased premises (in contrast to In-Line Locations and Drive-Thru Locations, which do not). Unless otherwise referenced in this disclosure document, the term "Fat Tuesday Location" will refer to In-Line Locations, Free Standing Locations and Drive-Thru Locations.

We may also offer area development agreements ("**Area Development Agreements**") to qualified entities and persons ("**Area Developers**") in the United States. The form of our Area Development Agreement is attached to this disclosure document as Exhibit B. If you sign an Area Development Agreement, we will grant you the right, and you will accept the responsibility, to establish an agreed-upon number of Fat Tuesday Locations within an agreed-upon designated area (the "**Development Area**"), under an agreed-upon timetable (the "**Development Schedule**"). Each Fat Tuesday Location (even if you area an Area Developer) will be constructed and operated under a Franchise Agreement. The Franchise Agreement for the first Fat Tuesday Location developed under the Area Development Agreement will be in the form attached to the Area Development Agreement. The Franchise Agreement for each additional Fat Tuesday Location developed will be in the form of the Franchise Agreement that we are generally offering to new franchisees at that time and may be different from the form of Franchise Agreement attached to this disclosure document.

Industry-Specific Regulations

You must comply with all local, state, and federal laws that apply to your Franchised Business operations, including, for example, zoning, building code, health, sanitation, no-smoking, EEOC, OSHA, discrimination, employment, sexual harassment, and tax laws. The Americans with Disability Act of 1990 and state equivalents require readily accessible accommodation for disabled persons and therefore may affect your building construction, site elements, entrance ramps, doors, seating, bathrooms, drinking facilities, the sale and service of alcohol, etc. For example, you must obtain permits for your building, construction, outdoor patio, and zoning, to provide alcohol service, as well as operational licenses. There are also regulations that pertain to sanitation, food and menu labeling (such as nutritional and caloric information), food preparation, food handling, food content (such as on transfats), and food service. In 2020, due to the global coronavirus pandemic, some government agencies have ordered (or suggested) that food service businesses temporarily close and only offer drive-through, carryout or delivery service or have otherwise severely limited clientele from patronizing food service businesses. You must comply with all applicable federal, state, and local laws and regulations during the operation of your Franchised Business. You should consult with your attorney concerning those and other local laws and ordinances that may affect your Franchised Business' operation.

Competition

You can expect to compete in your market with locally-owned restaurants, bars, and nightclubs, as well as with national and regional chain restaurants that offer beverage and food products that may compete with the products offered at a Fat Tuesday Location. The market for these items is well-established and highly competitive. Businesses such as a Fat Tuesday Location compete on the basis of many factors such as location, price, service, product offerings and quality, speed of service, hospitality, and customer experience, as well as store promotions and marketing programs. These businesses are often affected by other factors as well, such as changes in consumer preferences, economic conditions, seasonal population fluctuation, and traffic patterns. In addition, to the extent that customers may be able to buy daiquiris and other products under

the “New Orleans Original Daiquiri” name, you may appear to, or actually, compete with sellers of these products.

Item 2 Business Experience

Chairman of the Board of Directors: David Briggs

Mr. Briggs has been Chairman of our Board of Directors since our inception. He is also, and has been since 1983, the Chairman of the Board of Directors of DBE and (since 1999) of BII as well.

President and Chief Executive Officer: Travis Briggs

Mr. Briggs has been our President and Chief Executive Officer since our inception. He is also, and has been since September 2006, the President and CEO of BII and DBE.

General Counsel and Chief Development Officer: James Vitrano

Mr. Vitrano has been our General Counsel and Chief Development Officer since our inception. He is also, and has been since March 2018, the General Counsel and Chief Development Officer for DBE. Mr. Vitrano was General Counsel and Vice President of Global Franchise Development and Operations for Ruby Tuesday, Inc. in Maryville, Tennessee and Orlando, Florida from May 2015 to February 2018. He was General Counsel and Senior Vice President of Einstein Noah Restaurant Group in Lakewood, Colorado from November 2010 to March 2015.

Secretary and Chief Financial Officer: Danny Drago

Mr. Drago has been our Secretary and Chief Financial Officer since our inception. He is also, and has been since January 1983, the Chief Financial Officer for DBE, and of BII since 1999.

Director of Franchise Development: Danny Cattan

Mr. Cattan has been our Director of Franchise Development since October 2018. Before that, he was our Director of National Accounts from May 2001 to October 2018.

Director of Franchise Operations: Paul Nugent

Mr. Nugent has been our Director of Franchise Operations since October 2019. Before that, he was our Director of Sales from March 1993 to October 2019.

Director of Franchise Sales: Julie Thiele

Ms. Thiele has been our Director of Franchise Sales since January 2020. Before that, she was our Regional Market Manager from June 2006 to January 2020.

Item 3 Litigation

No litigation is required to be disclosed in this Item.

Item 4 Bankruptcy

No bankruptcy is required to be disclosed in this Item.

Item 5 Initial Fees

Franchise Agreement.

When you sign the Franchise Agreement, you must pay us an initial franchise fee of $20,000, except as noted below for Franchise Agreements entered into in connection with an Area Development Agreement. The initial franchise fee will be fully earned when paid, must be paid in one lump-sum amount, and is non-refundable. The initial franchise fee is uniform for new franchisees.

In addition to the fees described above, you will also be required to buy some items from us or from our affiliates, directly or indirectly (for example, through distributors). These products include your opening inventory of our proprietary daiquiri mix. Your purchases of these items are likely to total approximately $2,500 to $7,000. There are additional items that you will have to buy as part of your initial fees and payments.

Development Agreement.

If you enter into an Area Development Agreement, you must pay us a development fee in the amount of $10,000 for each Fat Tuesday Location to be developed under the Area Development Agreement. The amount of the development fee will vary under the circumstances and will be subject to our mutual discussion and agreement, taking into account a number of factors. These factors include the number of Fat Tuesday Locations you choose to develop under the Area Development Agreement, the market in which you choose to develop, the economics and demographics of that market, and our determination as to the "value" of the Development Area to be granted under the Area Development Agreement as measured by factors such as the total number of potential Fat Tuesday Locations that we anticipate can be developed within the Development Area (regardless of the minimum number of Fat Tuesday Locations that you are required to develop, and market conditions at the time the Area Development Agreement is signed). The development fee must be paid in lump sum, is uniformly applied, and is non-refundable.

If you are in compliance with your obligations under the Area Development Agreement, then we will credit to you the sum of $5,000 to the initial franchise fee payable under each Franchise Agreement for a Fat Tuesday Location that you are required to open under the Area Development Agreement (the total amount of these credits will not exceed the total development fee that you actually paid to us).

Item 6 Other Fees

Type of Fee (Note 1)	Amount	Due Date	Remarks
Royalty	8% of Gross Sales.	Monthly, by the close of business (Central time) on the 10th day of each month; calculated on the Gross Sales for the prior month.	Gross Sales means all revenue related to the Franchised Business (excluding sales taxes collected and remitted to the proper authorities). Payments must be made by electronic funds transfer using the Automated Clearing House (ACH) Network.
Transfer Fee	50% of the initial franchise fee that we are then-charging to new Fat Tuesday Location franchisees.	At time of transfer	Only due if you sell your franchise or your company; but there are circumstances (such as transfers for estate planning purposes) where the transfer fee is not due.
Renewal Fee	25% of the initial franchise fee that we are then-charging to new Fat Tuesday Location franchisees.	Before renewal	Payable upon renewal of the Franchise Agreement on the terms described in that agreement. The renewal fee is due instead of a new initial franchise fee. There is no renewal under the Area Development Agreement.
Interest on Overdue Payments	18% per year on underpayment (Note 2)	Upon demand	Only due if there are any past due payments to us, measured from the payment was originally due until it was actually paid
Costs and Attorneys' Fees	Will vary under circumstances	Upon demand	Only due if you are in default under the Franchise Agreement or Area Development Agreement, in which case you must reimburse us for our expenses (including reasonable attorneys' fees) in enforcing or terminating the agreement.
Audit Costs	All costs and expenses associated with the audit, reasonable accounting and legal costs; and interest on the underpayment (see Note 2)	Upon demand	Only due if we audit because you did not submit sales statements, you didn't keep books and records, or if you underreport your sales by 2% or more.

Type of Fee (Note 1)	Amount	Due Date	Remarks
Indemnifi-cation	Will vary under circumstances	As incurred	Note 3
Securities Offering Fee	$10,000 or our actual expenses, whichever is greater	Upon demand	Only due if you engage in a securities offering, you must reimburse us for our reasonable costs and expenses (including legal and accounting fees) to evaluate your proposed offering and you also must indemnify us (see above).
Replacement training and Additional Individuals for Initial Training	$2,000 for each individual to be trained	Before training begins	Note 4
Systems Support Fee	$100 per month	Monthly, at the same time as Royalty Fees	You must pay us (or our affiliate or designee) a systems support fee for access and use of our proprietary system called “Fat Sales.”
Design Review Fee	$2,000	As incurred	You will send us the layout and design for your Location. You must pay this fee if, as part of that layout and design, you source your own designs and “look and feel” for the Location that is not part of our standard design package.
Supplier Approval	$500 to $1,000	As incurred	If you want to buy any supplies, or any other items from an unapproved supplier, you first must request our approval, and we estimate that the charge associated with our approval of a typical proposed supplier will range from $500 to $1,000.
Market Co-op Fund	Determined by the Market Co-op Fund. Will vary under circumstances	As incurred	The activities by (including contributions to) by each Market Co-op Fund is decided by a majority vote of its members. Any Locations that we operate in the region will have the same voting rights as Locations owned by franchisees. Each Franchised Business owner is entitled to cast one vote for each Franchised Business owned.

Type of Fee (Note 1)	Amount	Due Date	Remarks
Relocation costs	Our out-of-pocket costs in connection with reviewing and approving a relocation (including our attorneys' fees).	As incurred	You may not relocate the Franchised Business without our prior written consent. If we approve a relocation of the Franchised Business, instead of a new franchise fee, you agree to reimburse us for the
Lost Future Royalties	The average of the monthly Royalty Fees due for the previous 12 months, multiplied by the lesser of 36 or the number of months remaining in the then-current term of the Franchise Agreement.	Upon request	Only due if we terminate the Franchise Agreement as a result of your default or if you abandon the Franchised Business.

Notes:

1. General:

   - We impose and collect all fees, except for certain local marketing expenses that you will make directly. All fees are payable to us, uniformly applied to new system franchisees, and non-refundable (however, in some instances that we consider appropriate, we may waive some or all of these fees).

   - For all fees and charges, you must use the payment method we designate. We have the right to require that you make these payments to us by EFT (electronic fund transfer), including ACH.

   - We have the right to adjust, for inflation, all fixed dollar amounts under the Franchise Agreement, once a year, for changes to the Index from the year when you sign your Franchise Agreement. The term "**Index**" means the U.S. Consumer Price Index (1982-84=100; all items; CPI-U; all urban consumers) as published by the U.S. Bureau of Labor Statistics ("**BLS**"). If the BLS no longer publishes the Index, then we will designate a reasonable substitute measure.

2. Interest starts to accrue only if your payment is not made on time and, if so, when your payment was initially due. If a maximum interest rate applies under your state's law, then interest will not exceed that maximum rate.

3. You must indemnify us, and reimburse us for our costs (including our attorneys' fees), if we are sued or held liable in any case: (a) having anything to do with any securities offering you or your affiliates make relating to the Franchised Business; (b) your use of our trademarks and service marks (other than in the manner that we approve); and (c) that has anything to do with a claim arising out of the operation of your Franchised Business.

4. If any of the Certified Managers cease active management or employment at the Franchised Business, or if we disapprove of any of the Certified Managers, then you must enroll a qualified replacement in our initial training program within thirty 30 days. You may send up to three persons (including the Certified Managers) to the initial training program. If you ask to send more than three individuals to the initial training program, then you must pay this training fee.

5. We will have the right to designate any geographical area for purposes of establishing a cooperative market marketing fund ("**Market Co-op Fund**"). If a Market Co-op Fund for the geographic area in which the Franchised Business is located has been established at the time you start to operate under the Franchise Agreement, you will immediately become a member of such Market Co-op Fund. If a Market Co-op Fund for the geographic area in which the Franchised Business is located is established during the term of the Franchise Agreement, you will become a member of that Market Co-op Fund within 30 days after the date on which the Market Co-op Fund commences operation. You will not be required to be a member of more than one Market Co-op Fund for the Franchised Business.

Item 7 Estimated Initial Investment

Your Estimated Initial Investment

Table 1
In-Line Fat Tuesday Locations

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment is to be Made
	Low	High			
Initial franchise fee (Note 1)	$20,000	$20,000	Lump Sum	Upon signing the Fran. Agmt	Us
Lease/rent (Note 2)	$35,000	$325,000	As Arranged	As Arranged	Landlord
Plans and Construction (includes architectural and building permits) (Note 3)	$250,000	$400,000	As Arranged	As Arranged	Contractors
Equipment (Note 4)	$85,000	$125,000	Lump sum	Before Opening	Vendors, Approved Suppliers

Table 1
In-Line Fat Tuesday Locations

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment is to be Made
	Low	High			
Business Licenses (Note 5)	$3,000	$25,000	As Incurred	As Incurred	Gov't agencies, providers
Training Expenses (Note 6)	$12,000	$15,000	As Incurred	As Incurred	Airlines, hotels, restaur-ants
Insurance (Note 7)	$12,000	$40,000	As Arranged	As Arranged	Insurance Providers
Professional Fees (Note 8)	$5,000	$15,000	As Incurred	As Arranged	Service Providers
Security Deposits (Note 9)	$2,000	$5,000	As Arranged	As Arranged	Lender, Approved Suppliers
Opening Advertising (Note 10)	$10,000	$10,000	As Arranged	As Arranged	Vendors
Inventory (Note 11)	$12,000	$25,000	Lump sum	Before Opening	Us, Our affiliates, Vendors, Approved Suppliers
Supplies (Note 12)	$4,000	$8,000	Lump sum	Before Opening	Vendors, Approved Suppliers
Additional Funds (3 Months) (Note 13)	$29,000	$66,000	As Incurred	As Incurred	Employees vendors utilities
Total (Note 14)	$479,000	$1,079,000			

Table 2 **Freestanding Fat Tuesday Locations**					
Type of Expenditure	**Amount**		**Method of Payment**	**When Due**	**To Whom Payment is to be Made**
	Low	**High**			
Initial franchise fee (Note 1)	$20,000	$20,000	Lump Sum	Upon signing the Franchise Agreement	Us
Lease/rent (Note 2)	$45,000	$175,000	As Arranged	As Arranged	Landlord
Plans and Construction (includes architectural and building permits) (Note 3)	$300,000	$400,000	As Arranged	As Arranged	Contractors
Equipment (Note 4)	$85,000	$125,000	Lump sum	Before Opening	Vendors, Approved Suppliers
Business Licenses (Note 5)	$3,000	$25,000	As Incurred	As Incurred	Gov't agencies, providers
Training Expenses (Note 6)	$12,000	$15,000	As Incurred	As Incurred	Airlines, hotels, restaur-ants
Insurance (Note 7)	$15,000	$45,000	As Arranged	As Arranged	Insurance Providers
Professional Fees (Note 8)	$5,000	$15,000	As Incurred	As Arranged	Service Providers
Security Deposits (Note 9)	$2,000	$5,000	As Arranged	As Arranged	Lender, Approved Suppliers
Opening Advertising (Note 10)	$10,000	$10,000	As Arranged	As Arranged	Vendors
Inventory (Note 11)	$12,000	$25,000	Lump sum	Before Opening	Us, Our affiliates, Vendors, Approved Suppliers
Supplies (Note 12)	$4,000	$8,000	Lump sum	Before Opening	Vendors, Approved Suppliers

Table 2 **Freestanding Fat Tuesday Locations**					
Type of Expenditure	**Amount**		**Method of Payment**	**When Due**	**To Whom Payment is to be Made**
	Low	**High**			
Additional Funds (3 Months) (Note 13)	$31,000	$63,000	As Incurred	As Incurred	Employees vendors utilities
Total (Note 14)	$544,000	$931,000			

Table 3 **Drive-Thru Fat Tuesday Locations**					
Type of Expenditure	**Amount**		**Method of Payment**	**When Due**	**To Whom Payment is to be Made**
	Low	**High**			
Initial franchise fee (Note 1)	$20,000	$20,000	Lump Sum	Upon signing the Fran. Agmt	Us
Lease/rent (Note 2)	$15,000	$80,000	As Arranged	As Arranged	Landlord
Plans and Construction (includes architectural and building permits) (Note 3)	$200,000	$275,000	As Arranged	As Arranged	Contractors
Equipment (Note 4)	$85,000	$125,000	Lump sum	Before Opening	Vendors, Approved Suppliers
Business Licenses (Note 5)	$3,000	$25,000	As Incurred	As Incurred	Gov't agencies, providers
Training Expenses (Note 6)	$12,000	$15,000	As Incurred	As Incurred	Airlines, hotels, restaurants
Insurance (Note 7)	$12,000	$35,000	As Arranged	As Arranged	Insurance Providers
Professional Fees (Note 8)	$5,000	$15,000	As Incurred	As Arranged	Service Providers

Table 3 **Drive-Thru Fat Tuesday Locations**					
Type of Expenditure	**Amount**		**Method of Payment**	**When Due**	**To Whom Payment is to be Made**
	Low	**High**			
Security Deposits (Note 9)	$2,000	$5,000	As Arranged	As Arranged	Lender, Approved Suppliers
Opening Advertising (Note 10)	$10,000	$10,000	As Arranged	As Arranged	Vendors
Inventory (Note 11)	$12,000	$25,000	Lump sum	Before Opening	Us, Our affiliates, Vendors, Approved Suppliers
Supplies (Note 12)	$4,000	$8,000	Lump sum	Before Opening	Vendors, Approved Suppliers
Additional Funds (3 Months) (Note 13)	$25,000	$50,000	As Incurred	As Incurred	Employees vendors utilities
Total (Note 14)	$405,000	$688,000			

Notes to Tables:

Please read the tables above together with the following notes.

Unless indicated otherwise, all amounts noted in this Item 7 are nonrefundable.

We do not offer direct or indirect financing to you for any items. The availability and terms of financing from other sources will likely depend on factors such as the availability of financing generally, your creditworthiness, and the policies of lending institutions.

1 INITIAL FRANCHISE FEE. This amount is discussed in Item 5. If you have also signed an Area Development Agreement, and you are in compliance with your obligations under the Area Development Agreement and all of your Franchise Agreements, then we will apply a credit from your development fee toward the initial franchise fee. The amount of the credit will be $5,000 for each Fat Tuesday Location, so long as the total amount of the credits that we extend to you does not exceed the amount that you paid us as a development fee under the Area Development Agreement.

2 LEASE/RENT. If you do not own a location for your Franchised Business, you must purchase or lease a space. You will probably need to lease a space at least three months in advance to do pre-opening construction, depending upon the then current condition of the space being leased. You may attempt to negotiate an abatement from the landlord so

that you pay a reduced amount of rent, if any, during the pre-opening period. The expenses represented in the table reflect the following preferred conditions:

In-Line Fat Tuesday Locations (Table 1):

- Target range of 500 to 1,500 square feet
- $100 to $625 rental rate per square foot per year

Freestanding Fat Tuesday Locations (Table 2):

- Target range of 1,800 to 3,500 square feet
- $40 to $110 rental rate per square foot per year

Drive-Thru Fat Tuesday Locations (Table 3):

- Target range of 500 to 2,500 square feet
- $20 to $90 rental rate per square foot per year

The expenses in the tables are calculated on the assumptions that you will have to pay four months' rent (one month's rent as a security deposit (due when you sign the lease) plus three months' rent).

The costs identified in the tables do not include additional possible charges from the landlord, such as common area expenses (CAM) or percentage rent.

Rental rates vary considerably from market to market, and from location to location within each market. Rents may vary beyond the ranges that we have provided, based on factors such as market conditions and competition in the relevant area, the type and nature of improvements needed to the premises, the size of the leased premises, the terms of the lease, and the desirability of the location. If you decide to purchase the property for the location of your Franchised Business, you will incur additional costs that we cannot estimate.

3. PLANS AND CONSTRUCTION. We will provide you, at no charge, with prototype design and image specifications for your Franchised Business. You must adapt, at your expense, the layout we provide, subject to our approval. You will need to construct improvements, or "build out" the premises at which you will operate the Franchised Business. It is possible that you will take the premises in "vanilla box" condition (for example, primed drywall ready to be painted, but without improvements). Among other things, you will need to arrange for proper electrical, plumbing, floor covering, wall covering, partitions, heat, air conditioning, lighting, painting, bathroom facilities, signage, décor, and the like. You will need to hire a licensed architect and a licensed builder. Costs are likely to vary and may be much higher if you want to build your Franchised Business in an area where special conditions of any kind apply (for example, historical, architectural, or preservation requirements). The estimate is based on build out in accordance with our specifications, and it is inclusive of architect fees and building permits. Because of the various factors that play into construction costs (the size of the building, the condition of the premises prior to construction, market conditions for construction related labor and materials, accessibility of the construction site, etc.), your construction costs may be much higher than those we have identified in the table.

4. EQUIPMENT. We require franchisees to purchase equipment needed to operate the Franchised Business, such as daiquiri machines, coolers, point-of-sale and computer equipment, IT system, security, and many other miscellaneous items. In some cases, you will need to obtain the exact equipment we specify, and possibly from the vendor we specify. The amount spent for equipment will vary for each Franchised Business depending upon the square footage of the location, market conditions, and local zoning and health requirements. Note that the figures represented for equipment excludes items related to food service.

5. BUSINESS LICENSES. This category includes costs for liquor permits, beer permits, patio/sidewalk permits, occupational licenses, health permits, recording fees, fingerprinting, registrations, processing fees, license procurement, etc. The permits and licenses required to open and operate an establishment that sells alcoholic beverages vary greatly from one territory/region/state/county/city to another. You costs may exceed this estimate especially in some jurisdictions and we cannot identify all of the costs that you will actually incur. It is important that you get clarity from all regulatory authorities regarding (a) the specific permits and licenses you will need for your location, (b) the availability of such permits and licenses, (c) the costs for such permits and licenses, and (d) the time required to obtain the necessary permits and licenses.

   As an example, Louisiana requires all businesses that sell liquor to purchase a license that typically costs less than $1,000 and is renewable annually. In Florida, it may be necessary for you to purchase a “quota” license first, which can possibly cost you anywhere between $60,000 and $300,000 depending upon the location of the business and the number of quota licenses available. These quota licenses have market value and can typically be resold when no longer needed. In other states (such as New Jersey) the cost of obtaining a liquor license can be up to $1.0 million. The cost range for permits included in the tables does not include any amount related to the purchase of a quota license (described above) or any similar license. It is imperative that you understand the permitting required for your Franchised Business and the operation of your business to prevent any undesired financial consequences and/or interruption of business operations.

6. TRAINING EXPENSES. The estimate assumes that two individuals will attend training, which is expected to last two weeks. Per individual, the figures include travel, meals, and lodging at $400 per day, plus $400 to $1,200 for airfare. The cost you incur will vary depending upon factors such as the distance traveled, mode of transportation, travel preferences (such as air travel or ground transportation), nature of accommodations, per diem expenses actually incurred, and the number of persons who will attend training. If you send more than two persons to attend training, we estimate that the additional cost, on a per person basis, will range from $1,000 to $2,000 as there should be some cost sharing in the lodging and travel expenses.

7. INSURANCE. The estimate is for the annual premium for the policies required under the Franchise Agreement. Insurance costs will vary depending upon factors such as the size and location of the Franchised Business, sales volume, payroll costs, flood zoning, equipment value, property value, lease requirements, and the market conditions for the insurance industry in general. It is common for insurance companies to give you the ability to pay the insurance premium in installments (possibly with interest) rather than in one lump sum. Having the ability to pay your insurance premium in installments will dramatically reduce the startup funds required to be dedicated to insurance costs, however it will increase your monthly operating costs.

8. PROFESSIONAL FEES. The estimate is for legal, accounting, administrative, traffic studies, demographic studies, and miscellaneous other professional fees that you may incur before you open for business, including (among other things) to assist you in reviewing the Franchise Agreement. Your actual costs may vary, for example, depending on the degree to which you rely upon your advisors, type of financing, lease negotiations, and permitting process in your city. The hourly rates for advisors, accountants, and legal professionals will also vary.

9. SECURITY DEPOSITS. The figure is the estimated cost of utility deposits and vendor deposits. In some jurisdictions, your payment to liquor suppliers may be highly regulated, and credit terms may not be available. By maintaining a deposit with the liquor supplier, a standing credit is established, and this will give you time to process liquor invoices through your normal payables system.

10. OPENING ADVERTISING. You must spend a minimum of $10,000 for grand opening marketing and promotional programs in conjunction with the grand opening of the Franchised Business, pursuant to a grand opening marketing plan that you develop and we approve in writing (the "**Grand Opening Marketing Program**").

11. INVENTORY. Items of inventory which you are required to obtain from us or from our affiliate are paid for at standard prices and terms. All items of inventory which you obtain from other sources are paid for directly to the supplier of those inventory items at prices agreed upon by you and the supplier. The quantity of products purchased before you open (and as needed shortly after that) will vary based on the expected volume of business, availability of local distribution for required inventory items, and the amount of available storage for such. Note that the figures represented for inventory excludes items related to food service.

12. SUPPLIES. The estimate is for miscellaneous supplies and items required to open your Franchised Business such as cleaning supplies, office supplies, garbage cans, bank bags, gallon containers, floor mats, step ladder, etc. The cost for supplies may vary due to the size of the Franchised Business and the availability of such items from various vendors.

13. ADDITIONAL FUNDS. You will need capital to support on-going expenses, such as payroll and utilities, to the extent that these costs are not covered by sales revenue during the initial months of operation. You should plan on having additional capital available as well should the actual cost of opening the Franchised Business exceed the estimated startup costs (excluding operating costs) because of extenuating circumstances as identified in the startup categories above or for circumstances that cannot be reasonably anticipated. The estimate includes an amount equivalent to 3% of all startup categories with the exception of the Initial Franchise Fee.

    The estimate also includes a specific denomination of cash and coin (such as nickels, quarters, $1 bills, $5 bills, etc.) needed to setup the cash drawers of your point-of-sale system before opening. You will also need to maintain a reserve so that the required denominations are readily available during the ordinary course of business. The petty cash required for your Franchised Business may vary depending upon the number of cash drawers utilized with your point-of-sale system, your expected sales volume, your access to local banks, and your policy on the allowed uses of petty cash.

You will need to have staff on-hand before opening to prepare the Franchised Business for opening, training, orientation, and related purposes. We estimate that you will need approximately 40 hours of staff time to get ready for your opening (which for the purpose of this estimate we calculated using a placeholder figure of $12 per hour on average, although you will have the sole right to set the wages and benefits for your own staff). Your staffing costs will depend largely on the prevailing wage rates in your area. You may also require the assistance of one or more management-level employees to assist with pre-opening tasks (such as securing phone service, hiring employees, contacting internet and TV service providers, etc.). Such employees may also be the ones attending the franchisor's training program. If such is the case, you may incur labor costs to support the employees well in advance of the store opening. The estimate includes the cost of one management level employee for two months at $18 per hour.

It is important to note that it may or may not be necessary to use the Additional Funds identified in the table, but it is necessary to be prepared for situations that can have a material impact on the startup process and/or operations.

14. TOTAL. We relied on our and our affiliates' own experience and information when preparing these figures. While the "low amount" total represents the sum of the lowest initial investment expenditures for each category in the table, and the "high amount" total represents the sum of the highest estimated initial investment expenditures for each category in the table, we expect that your overall expenditures will fall somewhere between the low amount and the high amount range, as it is not common for each of a franchisee's initial investment expenditures to match the lowest expected for each category, nor the highest expected for each category (for example, while rent costs may be close to the estimated low amount, construction costs may be close to the estimated high amount).

The figures in the table and the explanatory notes are only estimates. Your actual costs may vary considerably, depending, for example, on factors such as: local economic conditions; the local market for the Franchised Business; timing of your Franchised Business opening; competition; the sales level achieved during the initial period of operation; and your management and training experience, skill, and business acumen.

Item 8 Restrictions on Sources of Products and Services

General

To insure that the highest degree of quality and service is maintained, you must operate the Franchised Business in strict conformity with the methods, standards, and specifications as we may periodically prescribe in the Manual or otherwise in writing.

At all times during the term of the Franchise Agreement, you must:

- sell or offer for sale only those Products and services, using the equipment and other items, that we have approved in writing for you to offer and use at your Franchised Business;

- sell or offer for sale all those Products and services, using the equipment and other items, and employing the techniques that we specify in writing;

- not deviate from our standards and specifications by using or offering any non-conforming items without our specific prior written consent;

- stop using and offering for use any Products or services that we at any time disapprove in writing (recognizing that we have the right to do so at any time).

If you deviate (or propose to deviate) from our standards and specifications, whether or not we have approved, the deviation will become our exclusive property.

You must buy all Products, equipment, ingredients, supplies, materials, and other products used or offered for sale at the Franchised Business only from suppliers (including manufacturers, distributors, and other sources) that we have approved in writing. When considering whether to approve any particular possible supplier, we will consider (among others) the following factors: whether the supplier can show, to our reasonable satisfaction, the ability to meet our then-current standards and specifications; whether the supplier has adequate quality controls and capacity to supply the System's needs promptly and reliably; and whether the supplier's approval would enable the System, in our sole opinion, to take advantage of marketplace efficiencies. You may not buy items from any supplier that we have not yet approved in writing, and you must stop buying items from any supplier who we approve, but later disapprove. We have the right to designate only one supplier for certain items used at the Franchised Business in order to take advantage of marketplace efficiencies. Our affiliate, DBE, is currently an approved supplier, and the only supplier, of our proprietary daiquiri mixes to Fat Tuesday Locations.

If you want to buy any supplies, or any other items from an unapproved supplier, you first must submit to us a written request asking for our approval to do so. You may not purchase from any proposed new supplier until we have reviewed and, if we think it is appropriate, approved in writing the proposed new supplier. Among other things, we will have the right to require that our representatives be permitted to inspect the proposed new supplier's facilities, and that samples from that supplier be delivered either to us or to an independent laboratory that we designate for testing. Either you or the proposed new supplier must pay us a charge (which will not exceed the reasonable cost of the inspection and the actual cost of the tests). We also may require that the proposed new supplier comply with certain other requirements that we may deem appropriate, including for example payment of reasonable continuing inspection fees and administrative costs, or other payment to us by the supplier on account of their dealings with you or other franchisees, for use, without restriction (unless otherwise instructed by the supplier) and for services that we may render to our suppliers. We reserve the right, at our option, to periodically re-inspect the facilities and products of any approved supplier and to revoke our approval if the supplier does not continue to meet any of our then-current criteria.

Although the Franchise Agreement does not require that we notify you of our approval or disapproval of a supplier within a specified time, we estimate that we will usually be able to notify you of approval or disapproval within seven business days after receipt of your written request. This is only an estimate and the actual approval time may be shorter or longer than 30 days. Similarly, we estimate that the charge associated with our approval of a typical proposed supplier will range from $500 to $1,000.

The Franchise Agreement also provides that you may not use any item bearing our trademarks without our prior written approval as to those items.

We estimate that your product purchases from approved suppliers and according to our specifications will represent approximately 75% of your total product purchases in establishing

the Franchised Business, and approximately 75% in the continuing operation of the Franchised Business. We also estimate that your product purchases from designated suppliers will represent approximately 30% of your total product purchases in establishing the Franchised Business, and approximately 30% of your total product purchases in the continuing operation of the Franchised Business. This estimate does not account for service purchases, such as insurance, pest control, equipment maintenance, landscaping, and the like.

During the last fiscal year ended December 31, 2019, our affiliate DBE received $1,460,405 from franchisee purchases of products and services, which represented 9.9% of DBE's total revenues of $14,706,084.

You must allow us or our agents, at any reasonable time, to inspect the Franchised Business and to remove samples of items or products, without payment, in amounts reasonably necessary for inspection or testing by us or a third party to determine whether those samples meet our then-current standards and specifications. We may require you to bear the cost of that testing if we did not previously approve in writing the supplier of the item or if the sample that we take from your Franchised Business fails to conform to our specifications.

We may establish strategic alliances or preferred vendor programs with suppliers that are willing to supply some products or services to some or all of the Fat Tuesday Locations in our System. If we do establish those types of alliances or programs, we may limit the number of approved suppliers with whom you may deal, we may designate sources that you must use for some or all products and services, and we may refuse to approve proposals from franchisees to add new suppliers if we believe that action would be in the best interests of the System or the licensed network of Fat Tuesday Locations.

We have the right to collect and retain all manufacturing allowances, marketing allowances, rebates, credits, monies, payments or benefits (collectively, "**Allowances**") offered by suppliers to you or to us (or our affiliates) based upon your purchases of Products, equipment, and other goods and services. These Allowances include those based on System-wide purchases of Products, equipment and other items.

Except as described in this Item 8, we do not provide any material benefits to you based on your use of designated or approved suppliers.

David Briggs, the Chairman of our Board of Directors, and Travis Briggs, our President and CEO, are owners of DBE, which is a supplier of certain items to Fat Tuesday Locations, including our proprietary daiquiri mixes. Otherwise, none of our officers owns an interest in any companies that are vendors or suppliers to Fat Tuesday Location franchises.

Computer System

You must buy (or lease) and maintain a computer system. In general terms, you will be required to obtain a computer system that will consist of certain hardware and software items and peripheral devices (such as printers). Among other things, you will be required to meet our requirements concerning: (a) back office and point of sale systems, data, audio, video (including managed video security surveillance), telephone, voice messaging, retrieval, and transmission systems for use at Fat Tuesday Locations, between or among Fat Tuesday Locations, and between and among the Franchised Business, and you, and us; (b) POS Systems; (c) physical, electronic, and other security systems and measures; (d) printers and other peripheral devices; (e) archival back-up systems; (f) internet access mode (such as the form of telecommunications

connection) and speed; (g) front-of-the-house WiFi and other internet service for customers; and (h) processing gift and loyalty cards.

Insurance

Under the Franchise Agreement, you must obtain and maintain the following insurance:

- Commercial general liability insurance, including us, and any entity in which we have an interest and any entity affiliated with us and each of our members, managers, shareholders, directors, officers, partners, employees, servants and agents as additional insureds protecting against any and all claims for personal, bodily and/or property injury occurring in or about the Shop and protecting against assumed or contractual liability under this Agreement with respect to the Shop and your operations, with such policy to be placed with minimum limits of $1,000,000 combined single limit per occurrence and $2,000,000 general aggregate per location; provided, however, that at our election, such minimum limits may be periodically increased. This coverage may be included within umbrella liability coverage required to the extent permitted by your carrier.

- Automobile liability insurance, including coverage of vehicles not owned by you, but used by employees in connection with the Franchised Business, with a combination of primary and excess limits of not less than $1,000,000.

- Statutory workers' compensation insurance and employer's liability insurance for a minimum limit of at least $1,000,000, as well as such other disability benefits type insurance as may be required by statute or rule of the state in which the Franchised Business is located.

- Commercial umbrella liability insurance with limits which bring the total of all primary underlying coverages (including, without limitation, comprehensive general liability (including liquor liability) and workers' compensation to not less than $5,000,000 total limit of liability.

- Food Borne Illness, Accidental & Malicious Contamination coverage, with minimum coverage of at least $1,000,000 unless similar coverage is contained in your comprehensive general liability insurance

- Property insurance providing coverage for direct physical loss or damage to real and personal property for all-risk perils, including the perils of flood and earthquake depending upon location. Appropriate coverage shall also be provided for boiler and machinery exposures and business interruption/extra expense exposures. The policy or policies shall value property (real and personal) on a new replacement cost basis without deduction for depreciation and the amount of insurance shall not be less than 90% of the full replacement value of the Franchised Business, its furniture, fixtures, equipment, and stock (real and personal property). Any deductibles contained in such policy shall be subject to review and our approval.

- Products liability insurance in an amount not less than $2,000,000, which policy shall be considered primary unless similar coverage is contained in your comprehensive general liability insurance.

- Business interruption insurance to cover at least your obligations with respect to leases, royalties, marketing fund obligations, fixed costs, and other recurring expenses for a period of not less than six months following an interruption to the Franchised Business' operation.

- Any other insurance coverage that is required by federal, state, or municipal law.

Each insurance policy required under the Franchise Agreement must be primary and noncontributory and must be issued by an issuer we approve, who must have a rating of at least "A-" in the most recent Key Rating Guide published by the A.M. Best Company (or another rating that we reasonably designate if A.M. Best Company no longer publishes the Key Rating Guide) and must be licensed to do business in the state in which the Franchised Business is located. All liability and property damage policies must name us as additional named insured parties for all purposes (including vicarious liability), and must also and must provide that each policy cannot be cancelled unless we are given at least 60 days' prior written notice. We may periodically increase required coverage limits or require additional or different coverage to reflect inflation, identification of new risks, changes in the law or standards of liability, higher damage awards and other relevant changes in circumstances. You must deliver to us (and in the future maintain on file with us) valid and current certificates of insurance showing that all required insurance is in full force and effect.

Except as specified here, you are not required to purchase any other goods or services in accordance with our specifications or from approved suppliers.

Item 9 Franchisee's Obligations

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

	Obligation	Section in Agreement	Disclosure Document Item
a.	Site selection and acquisition/lease	§§ 1.2, 5 of Franchise Agreement; Exhibit A of Area Development Agreement	8 and 11
b.	Pre-opening purchases/ leases	§5 of Franchise Agreement	5, 7, and 8
c.	Site development and other pre-opening requirements	§§ 3.2, 5.2, 5.4 and 5.7 of Franchise Agreement; § 9 of Area Development Agreement	8 and 11
d.	Initial and ongoing training	§§ 3.1 and 6 of Franchise Agreement	11
e.	Opening	§§ 3.3, 3.7, 5.1, 5.4, 5.7 and 8.2 of Franchise Agreement	11

	Obligation	Section in Agreement	Disclosure Document Item
f.	Fees	§§ 2.2.6, 4 and 16.5.9; § 4 of Area Development Agreement	5 and 6
g.	Compliance with standards and policies / Operating Manual	§§ 1.5, 3.4, 5, 7, 8.1, and 10 of Franchise Agreement	1, 8, 11, and 14
h.	Trademarks and proprietary information	§§ 1.1 and 9 of Franchise Agreement § 8 of Area Development Agreement	13 and 14
i.	Restrictions on products / services offered	§§ 1.5 and 7 of Franchise Agreement	5, 8, and 16
j.	Warranty and customer service requirements	§ 8.7 of Franchise Agreement	Not applicable
k.	Territorial development	§ 1.3 of Franchise Agreement; § 2 and Exhibit A of Area Development Agreement	12
l.	Ongoing product / service purchases	§ 7 of Franchise Agreement	8
m.	Maintenance, appearance and remodeling requirements	§§ 5 and 8.6 of Franchise Agreement	8
n.	Insurance	§15 of Franchise Agreement; § 10.1 of Area Development Agreement	7 and 8
o.	Marketing	§§ 3.5, 3.6 and 13 of Franchise Agreement	6 and 11
p.	Indemnification	§ 21 and Ex. C of Franchise Agreement; §§ 10.7 and 14 of Area Development Agreement	Not applicable
q.	Owner's participation / management / staffing	§ 8.7 of Franchise Agreement	15
r.	Records/reports	§§ 4.2, 12 and 15.7 of Franchise Agreement	6
s.	Inspection / audits	§§ 3.7, 8.11 and 12 of Franchise Agreement	6 and 11

	Obligation	Section in Agreement	Disclosure Document Item
t.	Transfer	§§8.10, 16 and 19.5 of Franchise Agreement; §§ 10.2 and 11 of Area Development Agreement	17
u.	Renewal	§ 2.2 of Franchise Agreement	17
v.	Post-termination obligations	§§ 11.1.1, 12.1.2, 18, 19.3 and 19.5 of Franchise Agreement; § 10.4 of Area Development Agreement	17
w.	Non-competition covenants	§ 19 of Franchise Agreement; § 10.5 of Area Development Agreement	17
x.	Dispute resolution	§ 27 of Franchise Agreement; §§ 10.12 and 12 of Area Development Agreement	17
y.	Taxes/permits	§§ 5.4, 8.8 and 20 of Franchise Agreement; § 10.6 of Area Development Agreement	1
z.	Other: Personal Guarantee	Ex. B of Franchise Agreement	15

Item 10 Financing

We do not offer direct or indirect financing. We do not guarantee your note, lease or 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. We are required by the Franchise Agreement to provide certain assistance and service to you.

Before you open your Franchised Business:

(1) Before the Franchised Business opens, we will provide to you, and to your Certified Managers (defined below), the training programs that we designate. Our training programs will be conducted in the English language. We will be responsible for the cost of instruction and materials. *(Franchise Agreement, Sections 3.1 and 6.1)*

(2) We will make available, at no charge to you, a standard layout plan for the construction of a Fat Tuesday Location and for the exterior and interior design and

layout, fixtures, furnishings, equipment, and signs. We will also provide site selection and lease review assistance. *(Franchise Agreement, Sections 3.2 and 5.7.1)*

(3) We will evaluate the Franchised Business before it first opens for business. You may not start operation of your Franchised Business until receiving our approval to do so. *(Franchise Agreement, Section 3.7)*

(4) You may request, or we may require you to have, one or more members of our operations and/or training staff to be present at the opening of the Franchised Business. We will provide such additional on-site pre-opening and opening supervision and assistance that we think is advisable, and as may be described in the Manual. *(Franchise Agreement, Section 3.3)*

(5) We will provide you with access to the Manual during the term of the Franchise Agreement. We can provide the Manual to you in any format we choose (which may include paper, physical media such as a CD, or online). *(Franchise Agreement, Section 3.4)*

(6) We will assist you in developing and conducting the Grand Opening Marketing Program (which is more fully described in Items 6 and below in this Item 11 of this disclosure document); you will be responsible for the cost of this program. *(Franchise Agreement, Section 3.6)*

We are not required by the Franchise Agreement to furnish any other service or assistance to you before the opening of your Franchised Business.

Continuing Obligations

We are required by the Franchise Agreement to provide certain assistance and service to you. During the operation of your Franchised Business:

(1) We will provide you periodic assistance in the marketing, management, and operation of the Franchised Business at the times and in the manner that we determine. We will periodically offer you the services of certain of our representatives, such as an operations manager, and these representatives will periodically visit your Franchised Business and offer advice regarding your operations. *(Franchise Agreement, Section 3.8)*

(2) We will provide ongoing training that we periodically deem appropriate, at such places and times that we deem proper. *(Franchise Agreement, Section 6.2.10)*

Neither the Franchise Agreement, nor any other agreement, requires us to provide any other assistance or services to you during the operation of the Franchised Business.

Site Selection

You will select the location for the Franchised Business before entering into the Franchise Agreement. We do not generally own the premises of the Approved Location and then lease that location to you. The factors we will evaluate in considering whether to approve a site include: general location and neighborhood; pedestrian traffic volume and patterns; type of pedestrian

traffic; competition; demographic and traffic patterns, utilities; and zoning issues. Because you select a site before entering into the Franchise Agreement, there is no time limit on your selection and our approval of a site. If you cannot locate a site for the Franchised Business, you will not enter into a Franchise Agreement with us. The location for the Franchised Business that is indicated in the Franchise Agreement will be the Approved Location.

We estimate that the time period between beginning to find a site for the Approved Location and the start of operations at the Franchised Business will be approximately six months. Factors that may affect this time period include your ability to locate a site, negotiate a lease, secure financing, obtain necessary permits and licenses, construct or build-out facilities for the Franchised Business, weather conditions, construction delays, and obtain furniture, fixtures, equipment and supplies.

If you have signed an Area Development Agreement, we estimate that the time from execution of the Area Development Agreement to the opening of your first Fat Tuesday Location under the Development Schedule (and under a separate Franchise Agreement) will be approximately 12 months. We will approve sites for additional Fat Tuesday Locations under an Area Development Agreement using our then-current site criteria.

Training

Before opening the Franchised Business, you (or, if you are an entity, your controlling principal who is also designated to serve as your general manager who we have previously approved to serve in that role (the "**Operating Partner**")) and up to one full-time general manager responsible for the day-to-day operation of the Franchised Business (the "**Store Manager**") must attend and successfully complete, to our satisfaction, the initial training program we offer. The Store Manager must have at least three years of experience working in a management capacity in a restaurant or bar/cafe, and the Store Manager may serve as the Operating Partner.

The Operating Partner, the Store Manager, and any other individuals who have successfully completed our initial and ongoing training requirements and possess the qualifications necessary to the management and/or service roles that each such person will perform in operating the Franchised Business are referred to as "**Certified Managers**."

You may send up to two individuals (including the Certified Managers) to the initial training program. If you ask to send more than three individuals to the initial training program, and for each replacement training for a Certified Managers, you must pay us a training fee in the amount of $2,000 for each individual to be trained, with payment to be made in full before training starts.

If any of the Certified Managers cease active management or employment at the Franchised Business, or if we revoke the certification of any of the Certified Managers to serve in that capacity, then you must enroll a qualified replacement (who must be reasonably acceptable to us to serve in that capacity) in our initial training program within 30 days after the former individual ended his/her full time employment and/or management responsibilities. The replacement must attend and successfully complete the basic management training program, to our reasonable satisfaction, as soon as it is practical to do so. We will provide you with two replacement training sessions for up to three individuals during the term of the Franchise Agreement, and for each additional training session, you must pay us a training fee in the amount of $2,000 for each individual to be trained.

Your Certified Managers may also be required to attend refresher courses, seminars, and other training programs that we may periodically specify.

We will bear the cost of all training (instruction and required materials) (except for additional and replacement training). You will bear all other expenses incurred in attending training, such as the costs of transportation, lodging, meals, wages, and worker's compensation insurance (see Items 6 and 7 of this disclosure document).

The subjects covered in the initial training program are described below.

Subject	Classroom Hours	On the Job Training Hours	Location
Introductions, Orientation	1	0	Our corporate offices, a designated training facility, or other location
Review of Ops Manual	4	0	"
Brand Standards Overview	3	0	"
Fat Sales Introduction & Overview	6	0	"
Fat Sales Entries	6	0	"
Fat Sales Operations	6	0	"
Equip Maintenance & Cleaning	0	4	"
Daiquiri Mixing Procedures	0	6	"
Training Recap and Review	4	0	"
Training Hours	30 hours	10 hours	
TOTAL TRAINING HOURS	**40 hours**		

Training will be conducted over a 7-day period at a location of our choosing (typically, our headquarters in Mandeville, Louisiana, or in Las Vegas, Nevada or another location we select). Training is conducted as frequently as we determine it necessary in order to hold a training class.

James Vitrano, who serves as our Chief Development Officer, is responsible for supervising the initial training program, along with other training instructors under his supervision. Mr. Vitrano joined us in March 2018, and has over 10 years of experience with operating businesses such as a Fat Tuesday Location.

The instructional materials for our training programs include the Manual, lecture, discussions, and practice.

Marketing

You must conduct local store marketing in your Protected Territory. We do not require you to spend a specific amount on local store marketing, but we recommend that you spend a minimum of 2% of the Gross Sales of the Franchised Business each month on local advertising and promotion.

We do not have a system-wide marketing fund. We do not have an advertising council composed of franchisees.

Market Co-op Fund

We currently do not have any Market Co-op Funds, however, we will have the right, as we see fit, to establish a Market Co-op Fund for your region. The purpose of a Market Co-op Fund is to conduct marketing campaigns for the Fat Tuesday Locations located in that region.

If a Market Co-op Fund for your area was established before you began to operate your Franchised Business, then when you open your Franchised Business, you must immediately join that Market Co-op Fund. If a Market Co-op Fund for your area is established after you begin to operate your Franchised Business, then you will have thirty days to join the new Market Co-op Fund. You will not be required to be a member of more than one Market Co-op Fund. The following provisions will apply to each Market Co-op Fund (if and when established):

(a) Market Co-op Funds will be established, organized, and governed in the form and manner that we have approved in advance. The activities carried on by each Market Co-op Fund shall be decided by a majority vote of its members (unless we specify otherwise in writing). Any Fat Tuesday Locations that we operate in the region will have the same voting rights as Fat Tuesday Locations owned by franchisees. The franchisee of each Fat Tuesday Location participating in a Market Co-op Fund is entitled to cast one vote for each Fat Tuesday Location owned.

(b) Market Co-op Funds will be organized for the exclusive purpose of administering regional marketing programs and developing (subject to our approval) standardized marketing materials for use by the members in regional marketing.

(c) Market Co-op Funds may not use marketing, advertising, promotional plans, or materials without our prior written approval, as described below.

(d) You must contribute to a Market Co-op Fund in the manner we specify.

(e) Although, if established, a Market Co-op Fund is intended to be of perpetual duration, we maintain the right to terminate any Market Co-op Fund. A Market Co-op Fund will not be terminated, however, until all monies in that Market Co-op Fund have been expended for marketing purposes.

Local Marketing

Certain criteria will apply to the local marketing that you conduct. All of your local marketing must be dignified, must conform to our standards and requirements, and must be conducted in the media, type, and format that we have approved. You may not use any marketing, advertising, or promotional plans that we have not approved in writing. You must submit to us samples of all proposed plans and materials (unless, within the previous six months, we prepared or already approved the plans or materials). If you email us with your request for approval, along with all

needed information, we will ordinarily provide you with our response (whether approval or disapproval) to the proposed plans or materials within three business days; but if we do not give our approval within fifteen days, we will have been deemed to disapprove the plans or materials. You are not required to obtain our approval of the prices you intend to charge.

All copyrights in and to marketing, advertising and promotional materials you develop (or that are developed for you) will become our sole property. You must sign the documents (and, if necessary, require your independent contractors to sign the documents) that we deem reasonably necessary to implement this provision. (The requirements in this paragraph, as well as in the previous paragraph, also apply to any Market Co-op Funds.)

You must spend at least $10,000 on the Grand Opening Marketing Program. You must start to implement your Grand Opening Marketing Program 15 days before you are scheduled to open the Franchised Business (and you must complete the program no later than 15 days after you open your Franchised Business). All materials used in the Grand Opening Marketing Program will be subject to our prior written approval, as described above. The Grand Opening Marketing Program is considered "local marketing" and is therefore subject to the restrictions described below. We will work with you to tailor your Grand Opening Marketing Program to your market.

We will periodically make available to you, for purchase, certain marketing materials for your use in local advertising and promotion.

As used in the Franchise Agreement, the term "**local marketing**" refers to only the direct costs of purchasing and producing marketing materials (such as camera-ready advertising and point of sale materials), media (space or time), promotion, and your direct out-of-pocket expenses related to costs of marketing in your local market or area. Local marketing and promotion also includes associated advertising agency fees and expenses, postage, shipping, telephone, and photocopying costs. "Marketing" does not, however, include any of the following: (a) salaries, incentives or discounts offered to your employees, and your employees expenses; (b) charitable, political, or other contributions or donations (except for Community Events); and (c) the value of discounts given to consumers.

Online Sites (as defined below) are considered "marketing" under the Franchise Agreement, and are subject (among other things) to our review and prior written approval before they may be used.

Electronic Point-Of-Sale and Computer Systems

We require our franchisees to purchase a computer system. You must meet our requirements concerning the Computer System, including: (a) back office and point of sale systems, data, audio, video (including managed video security surveillance), telephone, voice messaging, retrieval, and transmission systems for use at Fat Tuesday Locations, between or among Fat Tuesday Locations, and between and among the Franchised Business, and you, and us; (b) POS systems; (c) physical, electronic, and other security systems and measures; (d) printers and other peripheral devices (such as digital menu boards); (e) archival back-up systems; (f) internet access mode (such as the telecommunications connection) and speed; (g) front-of-the-house WiFi and other internet service for customers; and (h) processing gift and loyalty cards (collectively, all of the above are referred to as the "**Computer System**").

The Fat Tuesday Point of Sale (POS) system consists of a PC-based hardware platform (including PC processor and peripheral hardware devices such as touch screens, printers, bar code readers,

card readers, cash drawers, battery back-up, etc.) combined with POS software. You must be able to maintain a continuous cabled (not wireless) connection to the internet to send and receive POS data to us. You may not connect your POS system to the internet by a wireless connection. You must establish merchant accounts and internet-based credit card and gift card authorization accounts that we designate for use with online card authorizations.

We have the right to develop or have developed for us, or to designate: (a) computer software programs and accounting system software that you must use in connection with the Computer System ("**Required Software**"), which you must install; (b) updates, supplements, modifications, or enhancements to the Required Software, which you must install; (c) the tangible media upon which you must record data; and (d) the database file structure of your Computer System.

We rely on suppliers to provide support for the hardware and software and we may require that you enter into service contracts directly with the hardware and software suppliers and pay the suppliers directly for this support.

We estimate that the cost of purchasing the Computer System and Required Software will typically range from $12,000 to $20,000.

The estimated annual cost of Computer System maintenance, support, and upgrades is up to $2,000. Neither we nor any of our affiliates have an obligation to provide ongoing maintenance, repairs, upgrades, or updates to your computer hardware or software. As noted in Item 6, you must pay us (or our affiliate or designee) a monthly "systems support fee" for access and use of our proprietary system called "Fat Sales."

You must be able to access information that is available on the Internet, and be able to send and receive email. We may periodically require you to upgrade and update the hardware and software used in connection with the Computer System. There are no contractual limitations on the frequency and cost of these upgrades and updates. We reserve the right to approve your email address or require you to use only an e-mail address that we provide for your Franchised Business' business e-mails.

You must afford us unimpeded access to your Computer System in the manner, form, and at the times we may request. We will have the independent right at any time to retrieve and use this data and information from your Computer System in any manner we deem necessary or desirable.

We have the right to require you to use one or more designated telephone vendors. If we so require, you must use our designated telephone vendors for the phone service to your Franchised Business. We may designate, and own, the telephone numbers for your Franchised Business.

Online Sites

Unless we have otherwise approved in writing, you agree to neither establish nor permit any other party to establish an Online Site relating in any manner whatsoever to your Franchised Business or referring to the Proprietary Marks. We will have the right, but not the obligation, to provide one or more references or webpage(s), as we may periodically designate, within our Online Site. The term "**Online Site**" means one or more related documents, designs, pages, or other communications that can be accessed through electronic means, including, but not limited to, the Internet, World Wide Web, webpages, microsites, social networking sites (for example, Facebook, Twitter, LinkedIn, You Tube, Google Plus, Pinterest, Instagram, etc.), blogs, vlogs, applications to be installed on mobile devices (for example, iOS or Android apps), and other applications, etc.

However, if we approve a separate Online Site for you (which we are not obligated to do), then each of the following provisions will apply: (1) you may neither establish nor use any Online Site without our prior written approval; (2) before establishing any Online Site, you must submit to us, for our prior written approval, a sample of the proposed Online Site, including its domain name, format, visible content (including, without limitation, proposed screen shots), and non-visible content (including meta tags), in the form and manner we may require; (3) you must not use or modify an Online Site without our prior written approval; (4) you must comply with the standards and specifications for Online Sites that we may periodically prescribe in the Manuals or otherwise in writing; (5) if we require, you must establish hyperlinks to our Online Site and other Online Sites; and (6) we may require you to make us the sole administrator (or co-administrator) of any social networking pages that you maintain or that are maintained on your behalf.

Manuals

The table of contents (24 total pages) of the Manual is attached as Exhibit H.

Item 12 Territory

Franchise Agreement

During the term of the Franchise Agreement, and except as provided otherwise in that agreement, we will not establish or license anyone else to establish, another Fat Tuesday Location at any location within the "**Protected Territory**" that is designated in your Franchise Agreement. The Protected Territory will typically be two miles, but your actual Protected Territory may be defined differently, depending on your desired location's characteristics. There is no minimum area you will receive as a Protected Territory.

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

You may offer and sell services and products only: (a) according to the requirements of the Franchise Agreement and the procedures set out in the Manuals; and (b) to customers and clients of the Franchised Business.

You may not offer or sell services or products through any means other than through the Franchised Business at the Approved Location; and therefore, for example, you may not offer or sell services or products from satellite locations, temporary locations, mobile vehicles or formats, special locations or non-traditional venues, carts or kiosks, by use of catalogs, the Internet, through alternate channels of distribution, or through any other electronic or print media.

Fat Tuesday Locations are primarily daiquiri bars and cafes, and we have the right to approve or disapprove any activity(ies) proposed to take place outside the Franchised Business, including delivery activities. You may not engage in delivery services or catering, whether inside or outside of the Protected Territory, unless you have obtained our prior written consent as to each proposed delivery and/or catering order.

You do not need to meet any particular sales or revenue volume in order to keep your Protected Territory as described above so long as you stay in compliance with the terms of your Franchise Agreement.

There are no circumstances under the Franchise Agreement that permit us to modify your Protected Territory so long as you stay in compliance with the terms of your Franchise Agreement.

Under the Franchise Agreement you will not have any options, rights of first refusal, or similar rights to acquire additional franchises or other rights, whether inside the Protected Territory or elsewhere.

As noted in Item 1, we franchise, and our affiliates operate, NOOD Locations under the "New Orleans Original Daiquiris" marks. NOOD Locations offer products similar to those offered in our Fat Tuesday Locations. You will have no rights regarding NOOD Locations or any other business that we (or our affiliates) operate or franchise. We (and our affiliates) will have the right to operate and license others to operate businesses under the "New Orleans Original Daiquiris" brand at any location whatsoever, even though those businesses may be near the Approved Location of your Location or within the Protected Territory under your Franchise Agreement (or the Development Area under your Development Agreement), and even though those businesses may appear to (or actually) have an impact on sales at your Location.

Area Development Agreement

If you are an Area Developer and you comply with your obligations under the Area Development Agreement, we will not establish or license anyone other than you to establish Fat Tuesday Locations under the System in your Development Area, until the end of the period of time specified in the Development Schedule to your Area Development Agreement, except that we will reserve all of the rights described below. As a result, you will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. You will not receive the right to acquire additional franchises in your area.

Except for the requirement that you be in compliance with your obligations under the Area Development Agreement (including for example the development schedule), continuation of your rights under the Area Development Agreement is not subject to achieving any particular sales volume, market penetration, quota, or other benchmark. If you fail to meet the development schedule, you will be in default under the Area Development Agreement and we reserve the right to terminate the Area Development Agreement for that default. We may not modify your territorial rights. We will approve sites for Fat Tuesday Locations under an Area Development Agreement using the then-current site criteria we use at the time(s) requested.

Our Reservation of Rights -- Area Development Agreement and Franchise Agreement

We (and our affiliates) retain all rights not specifically granted to you. We will have the right (among other things), on any terms and conditions that we deem advisable, and without granting you any rights, to do any or all of the following:

- to establish, and license others to establish, Fat Tuesday Locations anywhere outside the Protected Territory/Development Area;

- to establish, and license others to establish, Fat Tuesday Locations at any Special Location (as defined below) inside or outside the Protected Territory/Development Area, regardless of proximity to the Approved Location;

- to establish, and license others to establish, businesses that are not operated under the System and that do not use the Proprietary Marks licensed to you under the Franchise Agreement, even if those businesses offer or sell products that are the same as or similar to the Products offered from the Franchised Business, regardless of such business' proximity to the Approved Location;

- to acquire (or be acquired) and then operate any business of any kind, anywhere (but not to be operated as a Fat Tuesday Location inside the Protected Territory/Development Area);

- to sell and distribute, or license others to sell and distribute, directly or indirectly, any Products or Proprietary Items in ready-to-prepare or bulk packaged form (as compared to single-serving ready-to-consume form), from any location or to any purchaser (including the sale of items at wholesale and to purchasers in the Protected Territory/Development Area through supermarkets, gourmet shops, mail order, and on the Internet, under our Proprietary Marks or as private-labeled items), so long as these sales are not made from a Fat Tuesday Location operated inside the Protected Territory/Development Area (excluding a Special Location).

The term "**Special Locations**" includes non-foodservice businesses of any sort within which a Location or a "Fat Tuesday" branded facility is established and operated (including, for example, hotels, casinos, and resorts), branded locations that serve only our brand of frozen daiquiris; college campuses and schools; seaports, airports, and other travel facilities; government facilities (including military bases); theme and amusement parks; recreational facilities; seasonal facilities; shopping malls; theaters; and sporting event arenas and centers.

We will not compensate you for making any sales within your Protected Territory/Development Area pursuant to the rights we reserve above.

The Approved Location for the Franchised Business will be specified in the Franchise Agreement. You may not relocate the Location without our prior written approval. If you ask to relocate the Location, we will evaluate your request on the basis of the same standards that we apply to reviewing the proposed site of a Location for a new franchisee.

Item 13 Trademarks, Service Marks, Trade Names, Logotypes, And Commercial Symbols

You will be licensed by the Franchise Agreement to use our Proprietary Marks, including the principal marks described below:

Mark	Registration No.	Class	Registration Date
FAT TUESDAY	1,895,162	25	May 23, 1995
FAT TUESDAY	1,897,828	42	June 6, 1995
FAT TUESDAY	1,998,982	32	September 10, 1996
FAT TUESDAY	4,615,493	43	October 7, 2014

The marks listed above are registered on the Principal Register of the U.S. Patent and Trademark Office ("**USPTO**"). Our affiliate, DBE, is the owner of the Proprietary Marks. DBE intends to file when due affidavits of use and affidavits of incontestability, as well as a renewal application, for the marks listed above.

We entered into a license agreement with DBE on August 10, 2018, under which we are licensed to use the Proprietary Marks (the "**Trademark License Agreement**"). Under the Trademark License Agreement, DBE granted us the right to use, and to license others to use, the Proprietary Marks in connection with the operation of the System. The Trademark License Agreement will remain in force as long as we operate the System. If the Trademark License Agreement terminates, DBE has agreed to allow you to continue to use the Proprietary Marks under the same terms and conditions as in your Franchise Agreement.

There are no currently effective determinations of the USPTO, the trademark administrator of this state, or of any court, nor any pending interference, opposition, or cancellation proceedings, nor any pending material litigation involving the trademarks, service marks, trade names, logotypes, or other commercial symbols which is relevant to their use in this state or any other state in which the Franchised Business is to be located. There are no agreements currently in effect which significantly limit our rights to use or license the use of the Proprietary Marks (including trademarks, service marks, trade names, logotypes, or other commercial symbols) that are in any manner material to the franchise. There are no infringing uses actually known to us which could materially affect your use of the Proprietary Marks in this state or elsewhere.

You must promptly notify us of any suspected infringement of the Proprietary Marks, any challenge to the validity of the Proprietary Marks, or any challenge to our ownership of, or your right to use, the Proprietary Marks licensed under the Franchise Agreement. Under the Franchise Agreement, we will have the sole right to initiate, direct, and control any administrative proceeding or litigation involving the Proprietary Marks, including any settlement of the action. We also have the sole right, but not the obligation, to take action against uses by others that may constitute infringement of the Proprietary Marks. If you used the Proprietary Marks in accordance with the Franchise Agreement, we will defend you at our expense against any third party claim, suit, or demand involving the Proprietary Marks arising out of your use. If you did not use the Proprietary Marks in accordance with the Franchise Agreement, we will defend you, at your expense, against those third party claims, suits, or demands.

If we undertake the defense or prosecution of any litigation concerning the Proprietary Marks, you must sign any documents and agree to do the things as may, in our counsel's opinion, be necessary to carry out such defense or prosecution, such as becoming a nominal party to any legal action. Except to the extent that the litigation is the result of your use of the Proprietary Marks in a manner inconsistent with the terms of the Franchise Agreement, we agree to reimburse you for your out of pocket costs in doing these things, except that you will bear the salary costs of your employees, and we will bear the costs of any judgment or settlement. To the extent that the litigation is the result of your use of the Proprietary Marks in a manner inconsistent with the terms of the Franchise Agreement, you must reimburse us for the cost of the litigation, including attorneys' fees, as well as the cost of any judgment or settlement.

We may substitute different Proprietary Marks for use in identifying the System and the businesses operating as part of the System if our currently owned Proprietary Marks no longer can be used, or if we determine, exercising our right to do so, that substitution of different Proprietary Marks will be beneficial to the System. In those circumstances, you must use such substitute proprietary marks, which will be governed by the terms of the Franchise Agreement.

Item 14 Patents, Copyrights, and Proprietary Information

Copyrights

We own common law copyrights in the Manuals, certain drawings, and advertising materials, and we will make these available to you. These materials are our proprietary property and must be returned to us upon expiration or termination of the Franchise Agreement.

We will furnish you, under the terms of the Franchise Agreement, with standard floor plans and specifications for construction of a Franchised Business. You may be required to employ a licensed architect or engineer, who will be subject to our reasonable approval, to prepare plans and specifications for construction of your Franchised Business, based upon our standard plans. These revised plans will be subject to our approval. You will be entitled to use the plans only for the construction of a single Franchised Business at the site approved in the Franchise Agreement, and for no other purpose. We will require your architect and contractor to agree to maintain the confidentiality of our plans and to assign to us any copyright in the derivative plans they create.

There are no currently effective determinations of the Patent and Trademark Office, Copyright Office, or any court concerning any copyright. There are no currently effective agreements pursuant to which we derive our rights in the copyrights which could limit your use thereof. The Franchise Agreement does not obligate us to protect any of the rights that you have to use any copyright, nor does the Franchise Agreement impose any other obligation upon us concerning copyrights. We are not aware of any infringements that could materially affect your use of any copyright in any state.

Confidential Manuals

In order to protect our reputation and goodwill and to maintain high standards of operation under our Proprietary Marks, you must conduct your business in accordance with the Manual. We will lend you one set of our Manual, which we have the right to provide in any format we choose (including paper, digitally, or online), for the term of the Franchise Agreement.

You must at all times accord confidential treatment to the Manual, any other manuals we create (or that we approve) for use with the Franchised Business, and the information contained in the Manual. You must use all reasonable efforts to maintain this information as secret and confidential. You may never copy, duplicate, record, or otherwise reproduce the Manual and the related materials, in whole or in part (except for the parts of the Manual that are meant for you to copy, which we will clearly mark as such), nor may you otherwise let any unauthorized person have access to these materials. The Manual will always be our sole property. You must always maintain the security of the Manual.

We may periodically revise the contents of the Manual, and you must consult the most current version and comply with each new or changed standard. If there is ever a dispute as to the contents of the Manual, the version of the Manual (that we maintain) will be controlling.

Confidential Information

Except for the purpose of operating the Franchised Business under the Franchise Agreement, you may never (during the term of the Franchise Agreement or later) communicate, disclose, or use for any person's benefit any of the confidential information, knowledge, or know-how concerning the operation of the Franchised Business that may be communicated to you or that

you may learn by virtue of your operation of a Franchised Business. You may divulge confidential information only to those of your employees who must have access to it in order to operate the Franchised Business. Any and all information, knowledge, know-how, and techniques that we designate as confidential will be deemed confidential for purposes of the Franchise Agreement. However, this will not include information that you can show came to your attention before we disclosed it to you; or that at any time became a part of the public domain, through publication or communication by others having the right to do so.

In addition, you must require your principals and your Certified Managers to sign confidentiality covenants. We also require that persons who will attend training sign a confidentiality agreement. Every one of these covenants must provide that the person signing will maintain the confidentiality of information that they receive in their employment or affiliation with you or the Franchised Business. These agreements must be in a form that we find satisfactory, and must include, among other things, specific identification of our company as a third party beneficiary with the independent right to enforce the covenants. Our current form for this agreement is attached as Exhibit F to the Franchise Agreement). Once signed, you must provide us a copy of each executed confidentiality agreement.

Patents

We do not own any patents that are material to the franchise being offered.

Item 15 Obligation to Participate in the Actual Operation of the Franchise Business

The Franchise Agreement requires that you (or your Operating Partner or one of your designated Certified Managers who will assume primary responsibility for the franchise operations and who we have previously approved in writing) must devote full time, energy, and best efforts to the management and operation of the Franchised Business, and must successfully complete the initial training program. Your Location must be managed at all times by you (or your Operating Partner or Certified Manager) or by a manager who has completed our initial training program to our satisfaction. The Operating Partner must be a person who has at least a 10% ownership interest in you. You must obtain personal covenants from your Certified Managers, supervisors, and principals regarding confidentiality, Proprietary Marks, and non-competition.

The Franchise Agreement does not require you to participate personally in the direct operation of the Franchised Business, although we encourage and recommend active participation by you. If you are a corporation, partnership, or other entity, we require all of your owners (including your Operating Partner) to sign a guarantee (in the form attached to the Franchise Agreement as Exhibit B) of the performance of your obligations under the Franchise Agreement. We will not necessarily require your spouse to sign a guarantee.

You and your staff must, at all times, cooperate with us and with our representatives.

Item 16 Restrictions on What the Franchisee May Sell

You may sell and provide only Products and services that conform to our standards and specifications. You also will have certain obligations to offer for sale particular items. We have the

right, without limit, to change the types of authorized Products and services. You may only offer and sell Products and services to customers at the Franchised Business' premises.

The Approved Location for the Franchised Business will be specified in the Franchise Agreement. You may not relocate the Franchised Business without our prior written approval. If you ask to relocate the Franchised Business, we will evaluate your request on the basis of the same standards that we apply to reviewing the proposed location of a Franchised Business for a new franchisee.

Item 17 Renewal, Termination, Transfer, and Dispute Resolution

THE FRANCHISE RELATIONSHIP

This table list important provisions of the franchise and related agreements. You should read these provisions in the agreements attached to this disclosure document.

Provision	Section in Franchise Agreement	Summary
a. Length of the franchise term	§ 2.1	10 years
b. Renewal or extension of the term	§ 2.2	Two additional 5-year terms, subject to certain contractual requirements described in "c" below.
c. Requirements for you to renew or extend	§§ 2.2.1 - 2.2.9	Written notice, renovate/modernize Franchised Business premise, upgrades to computer hardware and software to conform with then-current standards, satisfaction of monetary obligations, not be in default of the Agreement, sign release, pay fee, comply with then current qualification and training requirements, compliance with Franchise Agreement, sign our then-current form of Franchise Agreement (which may contain materially different terms and conditions than the original contract).
d. Termination by you	Not applicable	
e. Termination by us without cause	Not applicable	
f. Termination by us with cause	§ 17	Default under Franchise Agreement, abandonment, and other grounds; see § 17 of the Franchise Agreement.

Provision	Section in Franchise Agreement	Summary
g. "Cause" defined – curable defaults	§ 17.3	All other defaults not specified in §§ 17.1 and 17.2 of the Franchise Agreement
h. "Cause" defined - non-curable defaults	§§ 17.1 and 17.2	Abandonment, conviction of felony, and others; see § 17.2 of the Franchise Agreement.
i. Your obligations on termination/ nonrenewal	§ 18	Cease operating Franchised Business, payment of amounts due, and others; see §§ 18.1 - 18.12.
j. Assignment of contract by us	§ 16.1	There are no limits on our right to assign the Franchise Agreement.
k. "Transfer" by you - definition	§§ 16.4.1 - 16.4.4	Includes transfer of any interest.
l. Our approval of transfer by you	§ 16.4	We must approve transfers.
m. Conditions for our approval of transfer	§ 16.5	Release, signature of new Franchise Agreement, payment of transfer fee, and others; see §§ 16.5.1 - 16.5.10.
n. Our right of first refusal to acquire your business	§ 16.6	We can match any offer.
o. Our option to purchase your business	§§ 18.4 and 18.5	Upon termination or expiration of the Franchise Agreement, we can acquire any interest which you have in any lease or sublease for the premises and purchase your furnishings, equipment, material, or inventory at cost or fair market value.
p. Your death or disability	§ 16.7	Your estate must transfer your interest in the Franchised Business to a third party we have approved.

Provision	Section in Franchise Agreement	Summary
q. Non-competition covenants during the term of the franchise	§§ 19.2, 19.3, 19.4, 19.5, and 19.6	Includes prohibition on engaging in a "**Competitive Business**" (which is a retail business that sells or offers daiquiris and/or other frozen or alcoholic beverages that separately or in the aggregate constitute or would constitute 10% or more of that business' gross revenues at any one or more retail locations) (see §§ 19.2 to 19.6).
r. Non-competition covenants after the franchise is terminated or expires	§§ 19.2, 19.3, 19.4, 19.5, and 19.6	Includes a two-year prohibition similar to "q" (above), within the Protected Territory, and within 10 miles of any other Fat Tuesday Location then-operating under the System.
s. Modification of the agreement	§ 25	Must be in writing signed by both parties.
t. Integration/ merger clause	§ 25	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	§ 27.3	Before bringing an action in court, the parties must first submit the dispute to non-binding mediation (except for injunctive relief). The Franchise Agreement contains provisions that may affect your legal rights, including a waiver of jury trial, waiver of punitive or exemplary damages, and limitations on when claims may be raised. See Section 27 of the Franchise Agreement. Please also see the various state disclosure addenda and agreement amendments attached to this disclosure document, which contain additional terms that may be required under applicable state law.
v. Choice of forum	§ 27.2	If we ever litigate, we must do so in the state and judicial district where we have our principal place of business (currently, Mandeville, Louisiana). (subject to applicable state law)
w. Choice of law	§ 27.1	Louisiana law applies to the Franchise Agreement. (subject to applicable state law)

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Area Development Agreement		
Provision	**Section in Area Development Agreement**	**Summary**
a. Term of the franchise	§ 2	The term of the Development Schedule will be discussed and agreed upon by the parties before entering into the Area Development Agreement
b. Renewal or extension of the term	Not Applicable	
c. Requirements for you to renew or extend	Not Applicable	
d. Termination by you	Not Applicable	
e. Termination by us without cause	Not Applicable	
f. Termination by us with cause	§§ 10 and 12	Failure to meet the Development Schedule, default or termination under the Franchise Agreement, abandonment, and other grounds; see § 17 of the Franchise Agreement. Termination of the Area Development Agreement does not constitute a default under any of your Franchise Agreements.
g. "Cause" defined - defaults which can be cured	§ 10	All other defaults not specified in § 12 of the Area Development Agreement and §§ 17.1 and 17.2 of the Franchise Agreement
h. "Cause" defined - defaults which cannot be cured	§ 10	Abandonment, conviction of felony, termination of a Franchise Agreement, and others; see § 12 of the Area Development Agreement and § 17.2 of the Franchise Agreement.
i. Your obligations on termination/ nonrenewal	§ 10	Stop developing Locations, pay amounts due, pay lost future royalties, and others; see §§ 18.1 - 18.11 of the Franchise Agreement.
j. Assignment of contract by us	§§ 10 and 11	There are no limits on our right to assign the Franchise Agreement.
k. "Transfer" by you -definition	§ 10	Includes transfer of any interest in you or the Area Development Agreement.
l. Our approval of transfer by you	§ 10	We have the right to approve transfers.

Area Development Agreement		
Provision	**Section in Area Development Agreement**	**Summary**
m. Conditions for our approval of transfer	§§ 10 and 11	Your compliance with the agreement, a release, the buyer's signature of a new Franchise Agreement, the payment of transfer fee, and others; see §§ 16.5.1 - 16.5.10 of the Franchise Agreement. We may also withhold our consent to a transfer of some, but not all, of the Franchise Agreements separate from one another, and in any case, separate from the rights set forth under the Area Development Agreement
n. Our right of first refusal to acquire your business	§ 10	We can match any offer, or the cash equivalent.
o. Our option to purchase your business	§ 10	We can acquire your lease or sublease for the premises, and purchase your equipment, material, and inventory at cost or fair market value after termination or expiration.
p. Your death or disability	§ 10	Interest in Area Development Agreement must be transferred to a third-party we have approved within six months.
q. Non-competition covenants during the term of the franchise	§ 10	Includes prohibition on engaging in a "**Competitive Business**" (which is a retail business that sells or offers daiquiris and/or other frozen or alcoholic beverages that separately or in the aggregate constitute or would constitute 10% or more of that business' gross revenues at any one or more retail locations) (see §§ 19.2 to 19.6 in the Franchise Agreement).
r. Non-competition covenants after the franchise is terminated or expires	§ 10	Includes a two-year prohibition similar to "q" (above), within the Development Area, within 10 miles of any other Fat Tuesday Location then-operating under the System.
s. Modification of the agreement	§ 13	Must be in writing executed by both parties.
t. Integration/ merger clause	§ 13	Notwithstanding the foregoing, nothing in any agreement is intended to disclaim the express representations made in the Franchise Disclosure Document, its exhibits and amendments.

Area Development Agreement		
Provision	**Section in Area Development Agreement**	**Summary**
u. Dispute resolution by arbitration or mediation	§ 10.11	Before bringing an action in court, the parties must first submit the dispute to non-binding mediation (except for injunctive relief). The Area Development Agreement contains provisions that may affect your legal rights, including a waiver of jury trial, waiver of punitive or exemplary damages, and limitations on when claims may be raised. See Section 27 of the Franchise Agreement. Please also see the various state disclosure addenda and agreement amendments attached to this disclosure document, which contain additional terms that may be required under applicable state law.
v. Choice of forum	§ 10	If we ever litigate, we must do so in the state and judicial district where we have our principal place of business (currently, Mandeville, Louisiana). (subject to applicable state law)
w. Choice of law	§ 10	Louisiana law applies to the Area Development Agreement. (subject to applicable state law)

Item 18 Public Figures

We do not use any public figures to promote our franchise.

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

We provide below in four tables historical data relating to the sales for company-owned and licensed Free Standing Locations and In-Line Locations operated as Fat Tuesday Locations, and Drive-Thru Locations operated as New Orleans Original Daiquiri locations (which, other than the name, are identical to a Drive-Thru Fat Tuesday Location) as well as certain types of expenses for these locations. The company-owned locations are operated by our affiliate, BII, and its subsidiaries. Please read the following information in conjunction with your review of the historical data.

The information presented in this Item 19 is a compilation of financial information that has not been audited.

The below results reflect the performance of Free Standing Locations, In-Line Locations and Drive-Thru Locations before the emergence of the global coronavirus pandemic in the United States.

The Sales Distributions and Cost Factors should be read together with all of the related information about the factual bases and material assumptions underlying them. You should construct your own pro forma cash flow statement and make your own financial projections regarding potential sales, operating cost factors, capital investment requirements and liquid cash requirements for your proposed Location.

Discussion of Historical Sales Distribution and Cost Factor Information

Basis and Assumptions.

The sales distribution information ("**Sales Distribution**") that follows in Table 1 was compiled using unaudited financial data from four licensed and 11 company-owned Free Standing and In-Line Fat Tuesday Locations that operated from January 1, 2019 to December 31, 2019, and the Sales Distribution information in Table 3 was compiled using unaudited financial data from 16 company-owned and 14 licensed Drive-Thru New Orleans Original Daiquiris Locations that operated from January 1, 2019 to December 31, 2019.

The selected cost factors ("**Cost Factors**") in Table 2 are for 11 company-owned Free Standing and In-Line Fat Tuesday Locations that operated from January 1, 2019 to December 31, 2019. The Cost Factors information in Table 4 are for 16 company-owned Drive-Thru New Orleans Original Daiquiri Locations that operation from January 1, 2019 to December 31, 2019. Locations open for less than the full year were not included in the Cost Factors tables. We do not provide cost information for licensed Locations because we do not receive enough information from our licensees to reliably do so. Other costs, as described below, have been excluded from this discussion, as we consider that differences in accounting and business practices would make comparative analysis inconclusive or misleading. The Cost Factors figures do not include costs that a franchisee may incur. You will incur other substantial costs in the operation of your Franchised Business that are not included in the Cost Factors tables, including, among others, royalty fees, marketing contributions, local marketing expenses, mortgage or other debt/financing costs, computer upgrades, renovations, improvements, and major repair/maintenance expenses, legal and professional fees, income and other non-real estate taxes, and various other expenses (together, these are referred to as "Additional Costs"). You will incur Additional Costs and should determine and account, for yourself, the Additional Costs that you will have to have to pay. Cost Factors figures also do not include costs charged to the businesses by our corporate management affiliate that we would not reasonably expect a franchisee to incur. Additionally, for some items, we allocate internal charges to our own Locations that are less than the price charged to a franchisee because of our own internal accounting procedures; and as a result, a franchisee may incur some additional costs.

Table 1:
Sales Distribution Information
Free Standing and In-Line Locations
2019 Annual Gross Sales Levels
(Please read this Table 1 together with the notes that follow)

	Company-Owned Locations (Note A)			**Licensed Locations** (Note B)		
	Company-Owned Fat Tuesday Locations at this Gross Sales Level	Cumulative Percentage of Company-Owned Fat Tuesday Locations at this Gross Sales Level	Number of Company-Owned Fat Tuesday Locations at this Gross Sales Level	Licensed Fat Tuesday Locations at this Gross Sales Level	Cumulative Percentage of Licensed Fat Tuesday Locations at this Gross Sales Level	Number of Licensed Fat Tuesday Locations at this Gross Sales Level
$2,500,000 and Above	9%	9%	1	40%	40%	2
$2,000,000 to $2,500,000	45%	54%	4	20%	60%	1
$1,500,000 to $2,000,000	27%	82%	4	40%	100%	2
$1,000,000 to $1,500,000	9%	91%	1	0%	100%	0
Below $1,000,000	9%	100%	1	0%	100%	0
Total number of units			11			4

	Company-Owned Fat Tuesday Locations (Note C)		Licensed Fat Tuesday Locations (Note D)	
	Median Gross Sales	$2,064,150	Median Gross Sales	$2,332,517
	Average Gross Sales	$1,990,565	Average Gross Sales	$2,265,378
	Highest Gross Sales	$4,056,354	Highest Gross Sales	$2,791,059
	Lowest Gross Sales	$782,714	Lowest Gross Sales	$1,756,505

Notes to Table 1:

A. The number of company-owned Fat Tuesday Locations that achieved or surpassed the Average Gross Sales figure in Table 1 was 6 out of 11 (54%).

B. The number of Licensed Fat Tuesday Locations that achieved or surpassed the Average Gross Sales figure in Table 1 was 3 out of 5 (60%).

C. The company-owned Fat Tuesday Location results in Table 1 are for 11 Free Standing and In-Line company-owned Locations operated in the United States, of which six are wholly owned by BII and five are owned 45% or more by BII. All 11 Locations are classified as “company-owned” for purposes of Table 1. These 11 company-owned Fat Tuesday Locations represented 100% of the company-owned locations in the United States that were open for the full 2019 calendar year.

D. The licensed Fat Tuesday Location results in Table 1 are for five Free Standing and In-Line licensed Locations operated in the United States, which represented 45% of the licensed Locations in the United States that were open for the full 2019 calendar year. The results do not include data for six Licensed Fat Tuesday Locations in the United States that were open for the full 2019 calendar year because these locations are only required to pay royalties to us on specific categories of their Gross Sales, and we don’t have sufficient information available to us to include their total Gross Sales in Table 1. The results also do not include data from two Licensed Fat Tuesday Locations in the United States that was open for part, but not all, of the 2019 calendar year.

E. “**Gross Sales**” means all revenue related to the Fat Tuesday Location, including all sales of daiquiris, other alcoholic beverages, food, promotional, and other miscellaneous items, but excluding all sales and service taxes, and the dollar amount of coupons, employee discounts, and other promotional discounts.

F. Table 1 does not include the results of any Fat Tuesday Locations operated outside the United States. There were 5 total Fat Tuesday Locations operated outside of the United States – three in the Caribbean region and two in Mexico – during the entire 2019 calendar year.

Table 2:
2019 Free Standing and In-Line Location Cost Factors (Note A)
(Please read this Table 2 together with the notes that follow)

Note	Reference and Item Description	In-line Locations with no exclusive customer area		Free Standing Locations with exclusive customer area		Concept Average Location	
		Avg Amount ($)	% of Avg Net	Avg Amount ($)	% of Avg Net	Avg Amount ($)	% of Avg Net
B	**Gross Sales**	**2,161,781**	**100.0%**	**1,533,989**	**100.0%**	**1,990,565**	**100.0%**
C	Cost of Goods	378,387	17.5%	308,927	20.1%	359,443	18.1%
	Gross Margin	**1,783,394**	**82.5%**	**1,225,062**	**79.9%**	**1,631,122**	**81.9%**
D	Total Labor Expenses	216,997	10.0%	401,028	26.1%	267,188	13.4%
E	Other Operating Expenses	92,745	4.3%	214,340	14.0%	125,907	6.3%
	Profit After Operating Expenses	**1,473,652**	**68.2%**	**609,693**	**39.7%**	**1,238,027**	**62.2%**
F	Total Rent Expenses	452,820	20.9%	325,851	21.2%	418,192	21.0%
G	Other Non-Operating Expenses	72,853	3.4%	93,959	6.1%	78,609	3.9%
	Profit After Non-Operating Expenses	**947,979**	**43.9%**	**189,883**	**12.4%**	**741,226**	**37.2%**
H	Other Income / (Expenses), Net	21,882	1.0%	60,392	3.9%	32,385	1.6%
I	**EBITDA**	**969,861**	**44.9%**	**250,275**	**16.3%**	**773,610**	**38.9%**
Adjustments for Franchisee Expenses (Note J)							
Imputed Royalties (8% of Gross Sales)		$172,942		$122,719		$159,245	
Imputed Advertising Expenditures (2% of Gross Sales)		$43,246		$30,680		$39,811	
Adjusted EBITDA (after imputed Franchise Expenses)		$753,683		$96,876		$574,554	

Notes to Table 2:

A The Cost Factor information provided in Table 2 is for a total of 11 company-owned Free Standing and In-Line Fat Tuesday Locations, of which six are wholly owned by BII and five are owned 45% or more by BII. All 11 stores are classified as "company-owned" for purposes of Table 2. These 11 company-owned Fat Tuesday Locations represented 100% of the locations that were open for the full 2019 calendar year. These Cost Factors are based on our affiliate's experience operating company-owned Fat Tuesday Locations and should not be considered as the actual or potential costs that you will incur.

The figures shown in the columns under the heading "Avg Amount ($)" are the arithmetic mean (average) of the results of the cost factors (and other items listed in the first column).

B The Gross Sales figure provided in Table 2 represents the mean average for that category of store represented. Please see the information below which identifies the median average, the highest, and the lowest Gross Sales of the Free Standing and In-Line Locations included in that category:

Gross Sales	In-line Locations with no exclusive customer area	Free Standing Locations with exclusive customer area	Concept Average Location
Median	$2,086,372	$1,747,176	$2,064,150
High	$4,056,354	$2,072,077	$4,056,354
Low	$1,211,176	$782,714	$782,714

C The Cost of Goods Sold includes the cost of alcohol, mixes, food, paper, promotional items, and other products.

D Labor includes hourly and salaried employee compensation, bonuses, taxes, and benefits.

E Other operating expenses include utilities, supplies, maintenance and repairs, and other miscellaneous operating expenses.

F Total rent expense includes base rent, percentage rent, and common area expenses billed by the landlord.

G Other non-operating expenses include marketing, insurance, and other miscellaneous expenses, but exclude depreciation.

H Other income/expenses are the net of vending revenue, cover charge revenue, small capital expenses, and other miscellaneous income and expense items.

I EBITDA equals the earnings before interest expense, taxes, depreciation, and amortization (gross margin less operating expenses, non-operating expenses, and the net of other income/expenses).

J The Adjustments for Franchise Expenses are for two costs (royalties and marketing contributions) that we did not incur for our own company-owned Locations, but that a franchisee will incur.

Table 3:
Sales Distribution Information
Drive-Thru Locations (operated as "New Orleans Original Daiquiri" Locations (Note A))
2019 Annual Gross Sales Levels
(Please read this Table 3 together with the notes that follow)

	Company-Owned Drive-Thru Locations (Note B)			**Licensed Drive-Thru Locations** (Note C)		
	Company-Owned Drive-Thru Location Gross Sales Level	Cumulative Percentage of Company-Owned Drive-Thru Locations at this Gross Sales Level	Number of Company-Owned Drive-Thru Locations at this Gross Sales Level	Licensed Drive-Thru Locations at this Gross Sales Level	Cumulative Percentage of Licensed Drive-Thru Locations at this Gross Sales Level	Number of Licensed Drive-Thru Locations at this Gross Sales Level
$1,000,000 and Above	6%	6%	1	7%	7%	1
$800,000 to $1,000,000	6%	13%	1	7%	14%	1
$600,000 to $800,000	25%	38%	4	29%	43%	4
$400,000 to $600,000	56%	94%	9	29%	71%	4
Below $400,000	6%	100%	1	29%	100%	4
Total number of units			16			14

	Company-Owned Drive-Thru Locations (Note D)		Licensed Drive-Thru Locations (Note E)	
	Median Gross Sales	$550,055	Median Gross Sales	$528,541
	Average Gross Sales	$614,396	Average Gross Sales	$2,265,378
	Highest Gross Sales	$1,521,317	Highest Gross Sales	$2,791,059
	Lowest Gross Sales	$322,053	Lowest Gross Sales	$1,756,505

Notes to Table 3:

A. The Drive-Thru Location results in Table 3 are for 16 company-owned and 14 licensed Drive-Thru "New Orleans Original Daiquiri" Locations that were operated during 2019. They are included in the Table 3 results because we and our affiliate do not yet have any "Fat Tuesday" Drive-Thru Locations in operation. However other than the name, a "New Orleans Original Daiquiri" Drive-Thru Location is identical to a "Fat Tuesday" Drive-Thru Location, is configured and operates in the same manner, and offers the same products.

B. The number of company-owned Drive-Thru Locations that achieved or surpassed the Average Gross Sales figure in Table 3 was 5 out of 16 (31%).

C. The number of licensed Drive-Thru Locations that achieved or surpassed the Average Gross Sales figure in Table 3 was 7 out of 14 (50%).

D. The company-owned Drive-Thru Location results in Table 3 are for 16 company-owned Locations operated in the United States, of which 15 are wholly owned by BII and one is owned 75% by BII. All 16 of these Locations are classified as "company-owned" for purposes of Table 3. These 16 company-owned Locations represented 100% of the Drive-Thru Locations in the United States that were open for the full 2019 calendar year. The results do not include data from two company-owned Drive-Thru Locations that were open for part, but not all, of the 2019 calendar year.

E. The licensed Drive-Thru Location results in Table 3 are for 14 licensed Drive-Thru Locations that represented 100% of the Drive-Thru Locations in the United States that were open for the full 2019 calendar year.

F. "**Gross Sales**" means all revenue related to the Drive-Thru Location, including all sales of daiquiris, other alcoholic beverages, food, promotional, and other miscellaneous items, but excluding all sales and service taxes, and the dollar amount of coupons, employee discounts, and other promotional discounts.

Table 4: **2019 Cost Factors (Note A)** (Please read this Table 4 together with the notes that follow)			
Note	Reference and Item Description	Company-Owned Drive-Thru Locations	
		Avg Amount ($)	% of Avg Net
B	**Gross Sales**	**614,396**	**100.0%**
C	Cost of Goods	171,240	27.9%
	Gross Margin	**443,156**	**72.1%**
D	Total Labor Expenses	122,214	19.9%
E	Other Operating Expenses	76,732	12.5%
	Profit After Operating Expenses	**244,210**	**39.7%**
F	Total Rent Expenses	59,618	9.7%
G	Other Non-Operating Expenses	43,806	7.1%
	Profit After Non-Operating Expenses	**140,785**	**22.9%**
H	Other Income / (Expenses), Net	(1,368)	-0.2%
I	**EBITDA**	**139,417**	**22.7%**
Adjustments for Franchisee Expenses (Note J)			
Imputed Royalties (8% of Gross Sales)		49,152	
Imputed Advertising Expenditures (2% of Gross Sales)		12,288	
Adjusted EBITDA (after imputed Franchise Expenses)		**77,977**	

Notes to Table 4:

A The Cost Factor information provided in Table 4 is for 16 company-owned Drive-Thru Locations, of which 15 are wholly owned by BII and one is owned 75% by BII. All 16 Drive-Thru Locations are classified as “company-owned” for purposes of Table 4. These 16 company-owned Drive-Thru Locations represented 100% of the Drive-Thru Locations that were open for the full 2019 calendar year. These Cost Factors are based on our affiliate’s experience operating company-owned New Orleans Original Daiquiris Locations. We and our affiliate do not yet have any “Fat Tuesday” Drive-Thru Locations in operation. However other than the name, a “New Orleans Original Daiquiri” Drive-Thru Location is identical to a “Fat Tuesday” Drive-Thru Location, is configured and operates in the same manner and offers the same products.

The figures shown in the columns under the heading "Avg Amount ($)" are the arithmetic mean (average) of the results of the Cost Factors (and other items listed in the first column).

B The Gross Sales figure provided in the table represents the mean average for that category of store represented. Please see the information below which identifies the median average, the highest, and the lowest Gross Sales of the New Orleans Original Daiquiri Drive-Thru Locations included in that category:

Gross Sales	Company-owned Drive-Thru Locations
Median	$550,055
High	$1,521,317
Low	$322,053

C The Cost of Goods Sold includes the cost of alcohol, mixes, food, paper, promotional items, and other products.

D Labor includes hourly and salaried employee compensation, bonuses, taxes, and benefits.

E Other operating expenses include utilities, supplies, maintenance and repairs, and other miscellaneous operating expenses.

F Total rent expense includes base rent, percentage rent, and common area expenses billed by the landlord.

G Other non-operating expenses include marketing, insurance, and other miscellaneous expenses, but exclude depreciation.

H Other income/expenses are the net of vending revenue, cover charge revenue, small capital expenses, and other miscellaneous income and expense items.

I EBITDA equals the earnings before interest expense, taxes, depreciation, and amortization (gross margin less operating expenses, non-operating expenses, and the net of other income/expenses).

J The Adjustments for Franchise Expenses are for two costs (royalties and marketing contributions) that we did not incur for our own company-owned Drive-Thru Locations, but that a franchisee will incur.

* * *

Some Locations have earned these amounts. Your individual results may differ. There is no assurance you will earn as much.

Substantiation

Written substantiation of the data used in preparing the information in this Item is on file at our offices and will be made available to you upon reasonable request.

Other than the preceding financial performance representation, we do not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting James Vitrano at DAQ, Inc., 1115 N. Causeway Blvd. Suite 200, Mandeville, Louisiana 70471 (tel: 504.831.9415), the Federal Trade Commission, and the appropriate state regulatory agencies.

Item 20 Outlets and Franchisee Information

Table 1:
System wide Outlet Summary for years 2017 - 2019

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Licensed	2017	8	10	+2
	2018	10	11	+1
	2019	11	12	+1
Company-Owned	2017	13	14	+1
	2018	14	13	-1
	2019	13	13	0
Total Outlets	2017	21	24	+3
	2018	24	24	0
	2019	24	25	+1

Notes to tables 1-5 in this Item 20:

(1) All numbers are as of the fiscal year end. Our fiscal year end is December 31st.

(2) States that are not listed had no activity.

Table 2:
Transfers of Outlets from Licensees to New Owners
(other than the Franchisor) for years 2017 to 2019

State	Year	Number of Transfers
Any State	2017	0
	2018	0
	2019	0
Total	2017	0
	2018	0
	2019	0

Table 3:
Status of Licensed Outlets for years 2017 to 2019

State	Year	Outlets at Start of Year	Outlets Opened	Termin-ations	Non-Re-newals	Re-acquired by Franchisor	Ceased Opera-tions Other Reasons	Outlets at End of the Year
Florida	2017	4	0	0	0	0	0	4
	2018	4	0	0	0	0	0	4
	2019	4	0	0	0	0	0	4
Arizona	2017	1	0	0	0	0	0	1
	2018	1	1	0	0	0	0	2
	2019	2	0	0	0	0	0	2
Nevada	2017	2	0	0	0	0	0	2
	2018	2	0	0	0	0	0	2
	2019	2	1	0	0	0	0	3
Mississippi	2017	1	0	0	0	0	0	1
	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1

State	Year	Outlets at Start of Year	Outlets Opened	Termin-ations	Non-Re-newals	Re-acquired by Franchisor	Ceased Opera-tions Other Reasons	Outlets at End of the Year
New York	2017	0	1	0	0	0	0	1
	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
North Carolina	2017	0	1	0	0	0	0	1
	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
Totals	2017	8	2	0	0	0	0	10
	2018	10	1	0	0	0	0	11
	2019	11	1	0	0	0	0	12

Table 4:
Status of Company-Owned Outlets
for years 2017 – 2019

State	Year	Outlets at Start of the Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
Florida	2017	4	0	0	1	0	3
	2018	3	0	0	1	0	2
	2019	2	0	0	0	0	2
Louisiana	2017	2	0	0	0	0	2
	2018	2	0	0	0	0	2
	2019	2	0	0	0	0	2
Nevada	2017	5	2	0	0	0	7
	2018	7	0	0	0	0	7
	2019	7	0	0	0	0	7
South Carolina	2017	1	0	0	0	0	1
	2018	1	0	0	0	0	1
	2019	1	0	0	0	0	1
Pennsyl-vania	2017	1	0	0	0	0	1
	2018	1	0	0	0	0	1
	2019	1	0	0	0	0	1
Totals	2017	13	2	0	1	0	14
	2018	14	0	0	1	0	13
	2019	13	0	0	0	0	13

Table 5:
Projected Openings for 2020

State (Note 1)	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlet In The Next Fiscal Year	Projected New Company-Owned Outlet In The Next Year
Georgia	1	0	0
Nevada	0	0	1
North Carolina	1	0	0
Tennessee	1	0	0
Texas	0	0	1
Total	**3**	**0**	**2**

The names, addresses, and telephone numbers of our franchisees and developers as of our fiscal year ending December 31, 2019 are listed in Exhibit E.

The name and last known home address and telephone number of every one of our franchisees and developers who has had an agreement terminated, canceled, not renewed, or who otherwise voluntarily or involuntarily ceased to do business under an agreement during one-year period ending December 31, 2019, or who has not communicated with us within ten weeks of the date of this disclosure document, are also listed in Exhibit E.

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

No franchisees have signed a confidentiality clause in a Franchise Agreement, settlement or other contract within the last three years that would restrict their ability to speak openly about their experience with our company.

As of the date of this franchise disclosure document, there are no Fat Tuesday franchisee associations in existence regardless of whether they use our trademark or not.

Item 21 Financial Statements

Our audited financial statements for the fiscal year ended December 31, 2019 and for the period from July 23, 2018 (inception) through December 31, 2018 is attached as Exhibit H. Also attached as Exhibit H is our unaudited financial statement for the period ended March 31, 2020. Our fiscal years end on December 31 each year.

Item 22 Contracts

Exhibit A	The Franchise Agreement with its exhibits: A. Data Addendum B. Guarantee, Indemnification, and Acknowledgment C. List of Principals D. ACH Authorization Agreement E. ADA Certification F. Sample Form of Non-Disclosure and Non-Competition Agreement
Exhibit B	The Area Development Agreement with its exhibits: A. Data Sheet B. Franchise Agreement
Exhibit L	Form of General Release

Item 23 Receipts

The last two pages of this disclosure document (Exhibit M) are two identical receipt pages to acknowledge that you received this entire document (including the exhibits). Please keep one copy along with this disclosure document, and please sign and date the other copy and send that signed and dated receipt to us.

Exhibit A **Franchise Agreement with Exhibits**

DAQ, Inc.

“Fat Tuesday” Franchise Agreement

DAQ, Inc.
Franchise Agreement

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Exhibits

A Data Addendum
B Guarantee, Indemnification, and Acknowledgement
C List of Principals
D Electronic Fund Transfer Withdrawal Form (Direct Debits)
E ADA Certification
F Sample Form of Non-Disclosure and Non-Competition Agreement

DAQ, Inc.
Franchise Agreement

THIS FRANCHISE AGREEMENT (the "**Agreement**") is made and entered into as of the date that we have indicated on the signature page of this Agreement (the "**Effective Date**") by and between:

- DAQ, Inc., a [Louisiana] corporation, with its principal place of business at 1115 N. Causeway Blvd. Suite 200, Mandeville, Louisiana 70471 ("**we**," "**us**," or "**our**"); and

- _____ a [resident of] [corporation organized in] [limited liability company organized in] the State of _____ and having offices at _____("**you**" or the "**Franchisee**").

Introduction

*We own a format and system relating to the establishment and operation of "Fat Tuesday Locations" (which are businesses operating under our Proprietary Marks in buildings that bear our interior and/or exterior trade dress, each one of which is referred to as a "**Location**"). A Location specializes in the sale of Proprietary Items (which include items such as drink mixes and other such additional products that we may periodically specify), as well as non-Proprietary Items and other beverage items) for on premises and carry out consumption (collectively, the "**Products**").*

*Among the distinguishing characteristics of a Location are that it operates under our "Fat Tuesday" "System." Our System includes (among other things): Products; equipment layouts; signage; distinctive interior and exterior design and accessories; operational procedures; quality and uniformity of products and services offered; recipes, procedures for management and inventory control; training and assistance; marketing programs; and distinctive trade dress (all of which we may periodically change, improve, and further develop) (together, the "**System**").*

*We identify the System by means of our Proprietary Marks. Our proprietary marks include certain trade names (for example, the "FAT TUESDAY" mark and logo), service marks, trademarks, logos, emblems, and indicia of origin, as well as other trade names, service marks, and trademarks that we may periodically specify in writing for use in connection with the System (all of these are referred to as our "**Proprietary Marks**"). We continue to develop, use, and control the use of our Proprietary Marks in order to identify for the public the source of services and products marketed under those marks and under the System, and to represent the System's high standards of quality, appearance, and service.*

You have asked to enter into the business of operating a Location under our System and wish to obtain a franchise from us for that purpose, as well as to receive the training and other assistance we provide as described in this Agreement. You also understand and acknowledge the importance of our high standards of quality, cleanliness, appearance, and service and the necessity of operating the business franchised hereunder in conformity with our standards and specifications.

In recognition of all of the details noted above, the parties have decided to enter into this Agreement, taking into account all of the promises and commitments that they are each making to one another in this contract, and they agree as follows:

1 GRANT

1.1 *Rights and Obligations*. We grant you the right, and you accept the obligation, all according to the terms and conditions of this Agreement, to:

1.1.1 operate one Location under the System (the "**Franchised Business**");

1.1.2 use the Proprietary Marks and the System, but only in connection with the Franchised Business (recognizing that we may periodically change or improve the Proprietary Marks and the System); and

1.1.3 do all of these things at the Approved Location (which is defined in Section 1.2 below) and only at the Approved Location.

1.2 *Approved Location*. The street address of the location for the Franchised Business approved under this Agreement is specified in Exhibit A to this Agreement, and is referred to as the "**Approved Location**."

1.2.1 We have the right to grant or withhold approval of the Approved Location under this Section 1.2. You understand, acknowledge, and agree that our review and approval of your proposed location, under this Section 1.2 does not constitute our assurance, representation, or warranty of any kind that your Franchised Business at the Approved Location will be profitable or successful.

1.2.2 You agree not to relocate the Franchised Business without our prior written consent. Any proposed relocation will be subject to our review of the new site under our then-current standards for site selection, except that we will also have the right to take into consideration any commitments we have given to other franchisees, licensees, landlords, and other parties relating to the proximity of a new restaurant to their establishment. In addition, and instead of a new franchise fee, you agree to reimburse us for the out-of-pocket costs that we incur in connection with reviewing and approving your proposed relocation, any related lease matters, and any necessary amendments to this Agreement (including our attorneys' fees).

1.3 *Protected Territory and Exclusions*. During the term of this Agreement, we agree not to establish, and not to franchise any other person to establish, another Location at any location within the "Protected Territory" (the area that we have designated in Exhibit A is referred to as the "**Protected Territory**"), except as otherwise provided in this Agreement (including for example, the provisions in Sections 1.3.1–1.3.5 below). Your Protected Territory does not include Special Locations or Non-Traditional Facilities (defined below). We retain all other rights. Among other things, we have the exclusive right, among other things, on any terms and conditions we deem advisable, and without granting you any rights in these matters, to do any or all of the following:

1.3.1 We have the right to establish, and franchise others to establish, Locations at any location outside the Protected Territory, despite their proximity to the Protected Territory or the Approved Location or their actual or threatened impact on sales at the Franchised Business.

1.3.2 We have the right to establish, and license others to establish, Locations at any Special Location (as defined below) inside or outside the Protected Territory, despite such Location's proximity to the Approved Location or their actual or threatened impact on sales at the Franchised Business.

1.3.3 We have the right to establish, and license others to establish, businesses that are not operated under the System and that do not use the Proprietary Marks licensed to you under this Agreement, even if those businesses offer or sell products that are the same as or similar to the Products offered from the Franchised Business, whether those businesses are located inside or outside the Protected Territory, despite such businesses' proximity to the Approved Location or their actual or threatened impact on sales at the Franchised Business (so long as those businesses are not Locations operated within the Protected Territory).

1.3.4 We have the right to acquire (or be acquired) and then operate any business of any kind, whether located inside or outside the Protected Territory, despite such businesses' proximity to the Approved Location or its actual or threatened impact on sales at the Franchised Business (so long as those businesses are not Locations operated within the Protected Territory).

1.3.5 We have the right to sell and distribute, or license others to sell and distribute, directly or indirectly, any Products or Proprietary Items in ready-to-prepare or bulk packaged form (as compared to single-serving ready-to-consume form), from any location or to any purchaser (including, but not limited to, the sale of items at wholesale and to purchasers in the Protected Territory through supermarkets, gourmet shops, mail order, and on the Internet, under our Proprietary Marks or as private-labeled items), so long as these sales are not made from a Location operated inside the Protected Territory (excluding a Special Location). (The term "**Special Locations**" is agreed to include, among other things, non-foodservice businesses of any sort within which a Location or a "Fat Tuesday" branded facility is established and operated (including, for example, hotels, casinos, and resorts), branded locations that serve only our brand of frozen daiquiris; college campuses and schools; seaports, airports, and other travel facilities; government facilities (including military bases); theme and amusement parks; recreational facilities; seasonal facilities; shopping malls; theaters; and sporting event arenas and centers.)

1.4 *Limits on Where You May Sell*. You may only offer and sell Products (unless otherwise identified in this Agreement, the term "Products" includes Proprietary Items) from the Franchised Business, only in accordance with the requirements of this Agreement and the procedures set forth in the Manual, and only to customers for consumption from the Franchised Business's premises or for personal, carry-out consumption of food products. You agree not to offer or sell Products through any means other than through the Franchised Business as provided in this Section 1.4; and therefore, for example, you agree not to offer or sell Products from satellite locations, temporary locations, carts or

kiosks, by use of catalogs, the Internet, or through any other electronic or print media. You must request and receive our prior written approval in order to offer and sell Products by delivery, or through catering, from the Location.

1.5 *Delivery and Catering.* You acknowledge and agree that Locations are primarily locations that serve daiquiris and related products, and that we have the right to approve or disapprove any activity(ies) proposed to take place outside the Location, including, without limitation, delivery activities. You agree that:

1.5.1 You will not engage in delivery services or catering, whether inside or outside of the Protected Territory, unless you have obtained our prior written consent as to each proposed delivery and/or catering order.

1.5.2 Any delivery activities that you undertake with our permission (without any obligation on our part to do so) must be conducted in accordance with the procedures that we specify in the Manual or otherwise in writing. By granting approval to any one or more proposals to deliver, we will not be deemed to have given our approval, or waived our right to disapprove, any additional delivery activities that you may later propose.

1.5.3 All delivery sales will be considered as part of the Gross Sales (see Section 4.2.2 below) of your Franchised Business.

1.6 *Other Brands*. We operate (and may in the future operate) businesses under brands other than the Fat Tuesday brand. You acknowledge and agree that: (***a)*** this Agreement does not grant you any rights with respect to any other business that we and/or our affiliates operate (the "**Other Brands**"); and ***(b)*** we will have the right to operate and license others to operate businesses under the Other Brands at any location whatsoever, whether inside or outside the Protected Territory.

2 TERM AND RENEWAL

2.1 *Term*. The term of this Agreement shall start on the Effective Date and, unless this Agreement is earlier terminated in accordance with its provisions, shall expire upon the earlier of: ***(a)*** ten (10) years from the date upon which the Location opens for business; or ***(b)*** eleven (11) years from the Effective Date.

2.2 *Renewal*. You will have the right to renew this Agreement for two (2) additional five-year terms, each of which shall be subject to your having satisfied all of the following conditions before renewal:

2.2.1 You must give us written notice of your election to renew at least nine (9) months before the end of the term of this Agreement (but not more than one (1) year before the term expires).

2.2.2 You must remodel and refurbish the Franchised Business to comply with our then-current standards in effect for new Locations (as well as the provisions of Sections 5.4.4 and 8.6 below).

2.2.3 At the time of renewal, you must be in material compliance with the provisions of this Agreement (including any amendment to this Agreement), any successor to this Agreement, and/or any other agreement between you (and your affiliates) and us (and our affiliates) (and in our reasonable judgment, you must have been in material compliance during the term of this Agreement), even if we did not issue a notice of default or exercise our right to terminate this Agreement if you did not meet your obligations.

2.2.4 You must have timely met all of your financial obligations to us, our affiliates, the System Marketing Fund, and/or the Market Co-op Fund, as well as your vendors, throughout the term of this Agreement (even if we did not issue a notice of default or exercise our right to terminate this Agreement if you did not meet your obligations).

2.2.5 You must sign our then-current form of franchise agreement, which will supersede this Agreement in all respects (except with respect to the renewal provisions of the new franchise agreement, which shall not supersede this Section 2), and which you acknowledge may contain terms, conditions, obligations, rights, and other provisions that are substantially and materially different from those spelled out in this Agreement (including, for example, a higher percentage royalty fee). If you are an entity (in this Agreement, the term "**entity**" includes (among other things) a corporation, limited liability company, partnership, and a limited liability partnership), then your direct and indirect owners must sign and deliver to us a personal guarantee of your obligations under the renewal form of franchise agreement.

2.2.6 Instead of a new initial franchise fee, you must pay us a renewal fee equal to twenty-five percent (25%) of our then-current initial franchise fee for a new Franchised Business.

2.2.7 You must sign and deliver to us a release, in a form that we will provide (which will be a mutual release with limited exclusions), which will release all claims against us and our affiliates, and our respective officers, directors, agents, and employees. If you are an entity, then your affiliates and your direct and indirect owners (and any other parties that we reasonably request) must also sign and deliver that release to us.

2.2.8 You and your personnel must meet our then-current qualification and training requirements.

2.2.9 You must be current with respect to your financial and other obligations to your lessor, suppliers, and any other parties with whom you do business.

3 OUR DUTIES

3.1 *Training*. We will provide you with the training specified in Section 6 below.

3.2 *Standard Layout*. We may make available, at no charge to you, a standard plan for a prototypical Location. We also have the right but not the obligation to provide plans for exterior and interior design and layout, as well as plans for fixtures, furnishings,

equipment, and signs. We may also provide the site selection and lease review assistance called for under Section 5.3 below.

3.3 *Additional Assistance*. You may request, or we may require you to have, one or more members of our operations and/or training staff to be present at the opening of the Franchised Business. We will provide such additional on-site pre-opening and opening supervision and assistance that we think is advisable, and as may be described in the Manual (defined below).

3.4 *Manual*. During the term of this Agreement, we will provide you with access to our brand manuals and other written instructions relating to the use of our marks and the operation of a Location (the "**Manual**"), in the manner and as described in Section 10 below.

3.5 *Marketing Materials*. We will review and shall have the right to approve or disapprove all marketing and promotional materials, plans, and other advertising that you propose to use, pursuant to Section 13 below.

3.6 *Grand Opening Marketing Program*. We will assist you in developing and conducting the Grand Opening Marketing Program (as described in Section 13.6 below), which program shall be conducted at your expense.

3.7 *Inspection Before Opening*. We will evaluate the Franchised Business before it first opens for business. You must not open the Franchised Business or otherwise start operations until you have received our prior written approval.

3.8 *Periodic Assistance*. We will provide you periodic assistance in the marketing, management, and operation of the Franchised Business at the times and in the manner that we determine. We will periodically offer you the services of certain of our representatives, such as a business manager, and these representatives will periodically visit your Franchised Business and offer advice regarding your operations.

3.9 *Services Performed*. You acknowledge and agree that any of our designees, employees, agents, or independent contractors may perform any duty or obligation imposed on us by the Agreement, as we may direct (if so, we will, nonetheless, remain responsible to you for the performance of these obligations).

3.10 *Our Decision-Making*. In fulfilling our obligations under this Agreement, and in conducting any activities or exercising our rights pursuant to this Agreement, we (and our affiliates) will always have the right: ***(a)*** to take into account, as we see fit, the effect on, and the interests of, other franchised businesses and systems in which we have an interest and on our activities (and those of our affiliates'); ***(b)*** to share market and product research, and other proprietary and non-proprietary business information, with other franchised businesses and systems in which we (or our affiliates) have an interest, and/or with our affiliates; ***(c)*** to introduce Proprietary Items and non-proprietary items or operational equipment used by the System into other franchised systems in which we have an interest; and/or ***(d)*** to allocate resources and new developments between and among systems, and/or our affiliates, as we see fit. You understand and agree that all of our obligations under this Agreement are subject to this Section 3.11, and that nothing in this Section 3.11 shall in any way affect your obligations under this Agreement.

3.11 *Confirmation of Performance*. After we have performed our pre-opening obligations to you under this Agreement, we may ask that you execute and deliver to us a confirmation (the "**Confirmation of Performance**"), in a form we reasonably request, confirming that we have performed those obligations. If we ask you to provide us with such a certificate, you must execute and deliver the Confirmation of Performance to us within three (3) business days after our request. However, if you do not reasonably believe that we have performed all of our pre-opening obligations, you must, within that same three (3) day period, provide us with written notice specifically describing the obligations that we have not performed. Not later than three (3) business days after we complete all the obligations that you specified in that notice, you must execute and deliver the Confirmation of Performance to us. You must do so even if we performed such obligations after the time performance was due under this Agreement. The term "pre-opening obligations" means the obligations we have to you under this Agreement that must be performed before the date when your Franchised Business starts its operations.

4 ROYALTY FEES; SALES REPORTING

4.1 *Initial Franchise Fee*. You agree to pay us an initial franchise fee of Twenty Thousand Dollars ($20,000) (the "**Initial Franchise Fee**"). The Initial Franchise Fee is due and payable to us on the day that you sign this Agreement. The Initial Franchise Fee is not refundable in consideration of administrative and other expenses that we incur in granting this franchise and for our lost or deferred opportunity to grant a franchise to other parties.

4.2 *Royalty Fee and Sales Reports*. For each month during the term of this Agreement, you agree to: ***(a)*** pay us a continuing royalty fee in an amount equal to eight percent (8%) of the Gross Sales of the Franchised Business ("**Royalty Fees**"); and ***(b)*** report to us in writing (or, at our option, electronically) your Gross Sales (a "**Sales Report**"). You must also provide to us a monthly Gross Sales report on or before the close of business on the tenth (10^{th}) day of each month based on the prior month's Gross Sales. As used in this Agreement:

4.2.1 the term "**month**" means a calendar month;

4.2.2 the term "**Gross Sales**" means all revenue from the sale of all Products, services and Proprietary Items, and all other income of every kind and nature related to, derived from, or originating from the Franchised Business, including without limitation proceeds of any business interruption insurance policies, and sales from catering and delivery if permitted; whether such sales are made at retail or wholesale (whether permitted or not), whether for cash, check, or credit, and regardless of collection in the case of check or credit. However, Gross Sales excludes customer refunds and ordinary discounts, as well as sales taxes and/or other taxes that you directly collect from customers and actually transmit to the appropriate taxing authorities.

4.3 *Alternative Royalty Fees and Other Payments*. If applicable law (state or local) prohibits or restricts in any way your ability to pay (or our ability to collect) Royalty Fees or other amounts based on Gross Sales derived from the sale of alcoholic beverages at the Franchised Business, then the parties will renegotiate and agree (in writing) on a new structure for the Royalty Fees and other provisions so as to provide the same basic

economic effect to both parties, as otherwise provided in this Agreement, with a corresponding change to the definition of Gross Sales.

4.4 *Due Date*. All payments required by Section 4.2 above and Section 13 below, and the Sales Report required by Section 4.2, must be paid and submitted so that they are received by us, in our offices, by close of business on the tenth (10^{th}) day of each month, based on the Gross Sales of the month just-ended. In addition, you agree to all of the following:

4.4.1 You agree to deliver to us all of the reports, statements, and/or other information that is required under Section 12.3 below, at the time and in the format that we reasonably request.

4.4.2 You agree to establish an arrangement for electronic funds transfer to us, or electronic deposit to us of any payments required under Sections 4 or 13 of this Agreement. Among other things, to implement this point, you agree to sign and return to us our current form of "ACH - Authorization Agreement for Prearranged Payments (Direct Debits)," a copy of which is attached to this Agreement as Exhibit D (and any replacements for that form that we deem to be periodically needed to implement this Section 4.4.2), and you agree to comply with the payment and reporting procedures that we may specify in the Manual or otherwise in writing.

4.4.3 You acknowledge and agree that your obligation to make full and timely payment of Royalty Fees (and all other sums due to us) are absolute, unconditional, fully earned, and due when you have generated and received Gross Sales.

4.4.4 You agree that you will not, for any reason, delay or withhold the payment of any amount due to us under this Agreement; put into escrow any payment due to us; set -off payments due to us against any claims or alleged claims that you may allege against us, the System Marketing Fund, the Market Co-op Fund or others.

4.4.5 You agree that if you do not provide us, as requested, with access to your computer system to obtain sales information or, if we permit, printed and signed sales reports, then we will have the right to impute your sales for any period using (among other things) your sales figures from any month(s) that we choose, including those with your highest grossing sales; and that you must pay the royalties on that amount (whether by check or by our deduction of that amount from your direct debit account).

4.4.6 You agree that you will not, whether on grounds of alleged non-performance by us or others, withhold payment of any fee, including, without limitation, Royalty Fees, nor withhold or delay submission of any reports due under this Agreement including, without limitation, Sales Reports.

4.5 *No Subordination*. You agree not to subordinate to any other obligation your obligation to pay us the royalty fee and/or any other amount payable to us, whether under this Agreement or otherwise, and that any such subordination commitment that you may give without our prior written consent shall be null and void.

4.6 *Late Payment*. Any payment that we (or the appropriate marketing fund) do not receive on or before the due date shall be deemed overdue. Any report that we do not receive on or before the due date shall also be deemed overdue. If any payment is overdue, then you agree to pay us, in addition to the overdue amount, interest on the overdue amount from the date it was due until paid, at the rate of one and one-half percent (1.5%) per month (but not to exceed any maximum rate permitted by law, if any). Our entitlement to such interest shall be in addition to any other remedies we may have.

4.7 *Other Funds Due*. You agree to pay us, within ten (10) days of our written request (which is accompanied by reasonable substantiating material), any monies that we have paid, or that we have become obligated to pay, on your behalf, by consent or otherwise under this Agreement.

4.8 *Index*. We have the right to adjust, for inflation, all fixed dollar amounts under this Agreement (except for the Initial Franchise Fee) once a year to reflect changes in the Index. For the purpose of this Section 4.8, the term "**Index**" means the Consumer Price Index (1982-84=100; all items; CPI-U; all urban consumers) as published by the U.S. Bureau of Labor Statistics ("**BLS**"). If the BLS no longer publishes the Index, then we will have the right to designate a reasonable alternative measure of inflation.

4.9 *Systems Support Fee*. You must pay us (or our affiliate or designee) a systems support fee for each month in such reasonable amount as we may periodically designate. (You acknowledge that upon execution of this Agreement, the systems support fee is approximately $200 to $400 per month.)

5 FRANCHISED BUSINESS LOCATION, CONSTRUCTION AND RENOVATION

5.1 *Opening the Franchised Business.* You are responsible for purchasing, leasing, or subleasing a suitable site for the Franchised Business. You must establish the Franchised Business and have it open and in operation within two hundred and seventy (270) days after the Effective Date of this Agreement. Time is of the essence. You acknowledge and agree that any site selection assistance or approval that we provide will not be construed or interpreted as a guarantee of success for the approved location (or any other site), nor shall any location recommendation or approval we make be deemed a representation that any particular location is available or suitable for use as a Franchised Business.

5.2 *Lease Conditions.* Our approval of the lease or purchase agreement shall be conditioned upon the inclusion in the lease or purchase agreement of terms acceptable to us. We will have the right to require inclusion in the lease of any or all of the following provisions, which will:

5.2.1 Allow us the right to elect to take an assignment of the leasehold interest upon termination or expiration of your rights under this Agreement, or upon the termination or expiration of your rights under the lease;

5.2.2 Require the lessor to provide us with a copy of any notice of deficiency under the lease sent to you, at the same time as notice is given to you (as the lessee under the lease), and which grants us the right (but not obligation) to cure any of your deficiencies under the lease within fifteen (15) business days after the expiration of the period in which you had to cure any such default should you fail to do so;

5.2.3 Recognize your right to display and use the Proprietary Marks in accordance with the specifications required by the Manual, subject only to the provisions of applicable law;

5.2.4 Require that the premises be used solely for the operation of a "Fat Tuesday" restaurant business;

5.2.5 Upon our request, require you to de-identify the premises as a Location and to promptly remove all Proprietary Marks, signs, decor and other items which we reasonably request be removed as being distinctive and indicative of a Location and the System (or, if you fail to do the foregoing things, then the lease must permit us to have sufficient access to the interior and exterior of the premises so that we may de-identify the premises, as provided above, at your cost); and

5.2.6 State that any default under the lease shall also constitute a default under this Agreement, and any default under this Agreement shall also constitute a default under the lease.

5.3 *Review*. Any reviews that we conduct under this Section 5 are only for our benefit. You also acknowledge and agree to all of the following:

5.3.1 You acknowledge and agree that our review and approval of a site, lease, sublease, design plans or renovation plans for the Store do not constitute a recommendation, endorsement, or guarantee of the suitability of that location or the terms of the lease, or sublease, or purchase agreement. You agree that you will take all steps necessary to determine for yourself whether a particular location and the terms of any lease, sublease, or purchase agreement for the site are beneficial and acceptable to you.

5.3.2 You also acknowledge and agree that no matter to what extent (if any) that we participate in lease negotiations, discussions with the landlord, and/or otherwise in connection with reviewing the lease, you have to make the final decision as to whether or not the lease is sensible for your business, and the final decision as to whether or not to sign the lease is yours, and you agree not hold us responsible with respect to the terms and conditions of your lease.

5.3.3 Additionally, with respect to any review of your design plans and construction or renovation plans, or other federal, state, or local health regulations, we will not review whether you are in compliance with federal, state, or local laws and regulations, including the ADA (defined below), and you acknowledge and agree that: ***(a)*** you are solely responsible for compliance with all such laws and regulations; and ***(b)*** our approval is not, and will not be deemed to be, an assessment as to whether or not you have complied with those laws and regulations.

5.4 *Preparing the Site.* You agree that, promptly after obtaining possession of the approved site for the Franchised Business, you shall do all of the following things:

5.4.1 cause to be prepared and submit for our approval a description of any modifications to our specifications for a Franchised Business (including requirements for dimensions, exterior design, materials, interior design and

layout, equipment, fixtures, furniture, signs and decorating materials) required for the development of a Franchised Business at the site leased or purchased for that purpose, provided that you may modify our specifications only to the extent required to comply with all applicable ordinances, building codes and permit requirements (with prior notification to and written approval from us);

5.4.2 obtain all required zoning permits, liquor licenses, all required building, utility, health, sign permits and licenses, operational licenses, and any other required permits and licenses;

5.4.3 purchase or lease equipment, fixtures, furniture and signs as required under this Agreement (including the specifications we have provided in writing, whether in the Manual or otherwise);

5.4.4 complete the construction and/or remodeling, equipment, fixture, furniture and sign installation and decorating of the Franchised Business in full and strict compliance with plans and specifications for the Franchised Business that we have approved in writing, as well as all applicable ordinances, building codes and permit requirements;

5.4.5 obtain all customary contractors' sworn statements and partial and final waivers of lien for construction, remodeling, decorating and installation services; and

5.4.6 otherwise complete development of and have the Franchised Business ready to open and commence the conduct of its business in accordance with Section 5.1 above.

5.5 *Use of the Premises.* You may use the Approved Location only for the purpose of operating the Franchised Business and for no other purpose. You agree not to co-brand or permit any other business to operate at the Approved Location without our prior written approval.

5.6 *Relocation*. You agree not to relocate the Franchised Business without our prior written consent. We will have the right to grant or to withhold our approval of any proposed location or relocation and, if our approval is granted, you understand that our approval will not be deemed to be our guarantee, representation, or assurance that your Franchised Business shall be profitable or successful at that location or elsewhere.

5.7 *Construction or Renovation*. In connection with any construction or renovation of the Franchised Business, and before starting any such construction or renovation, you agree to comply, at your expense, with all of the following requirements, which you must satisfy to our reasonable satisfaction:

5.7.1 You agree to employ a qualified, licensed architect or engineer who is reasonably acceptable to us to prepare, for our approval, preliminary plans and specifications for site improvement and construction of the Franchised Business based upon prototype design and image specifications we will furnish in the Manual (depending on whether your Franchised Business will be operated in a stand-alone facility, and end-cap, or as a retro-fit of an existing building). Our approval shall be limited to conformance with our standard image specifications and layout, and shall not relate to your obligations with respect to any federal, state and local laws, codes

and regulations including, without limitation, the applicable provisions of the Americans with Disabilities Act (the "**ADA**") regarding the construction, design and operation of the Franchised Business, which subjects shall be your sole responsibility.

5.7.2 You agree to comply with all applicable laws (including the ADA) regarding the construction, design and operation of the Franchised Business. If you receive any complaint, claim, or other notice alleging a failure to comply with the ADA, you agree to provide us with a copy of that notice within five (5) days after you have received the notice.

5.7.3 In connection with any standard layout and equipment plans that we provide to you, you acknowledge that such specifications do not meet and are not meant to address the requirements of any federal, state or local law, code or regulation (including without limitation those concerning the ADA and/or similar rules governing public accommodations or commercial facilities for persons with disabilities), nor shall such plans contain the requirements of, or be used for, construction drawings or other documentation necessary to obtain permits or authorization to build a specific Franchised Business, compliance with all of which shall be your responsibility and at your expense. In addition:

5.7.3.1 You agree to adapt, at your expense, the standard specifications to the Franchised Business location, subject to our approval, as provided in above in Section 5.7.1, which we will not unreasonably withhold, provided that such plans and specifications conform to our general criteria.

5.7.3.2 If you select an architect or contractor as to whom we have not already given our written approval to prepare drawings for your proposed Location, then you agree to pay us a design review fee in the amount of Two Thousand Dollars ($2,000) to review your proposed drawings and plans for the Franchised Business; which amount will be due before we begin our review.

5.7.3.3 You understand and acknowledge that we have the right to modify the prototype plans and specifications as we deem appropriate from time to time (however, we will not modify the prototype plans and specifications for the Franchised Business developed pursuant to this Agreement once those prototype plans and specifications have been given to you). Any additional prototype plans and designs that you and your architect develop shall be consider innovations and subject to Section 8.14 below.

5.7.4 You will be responsible for obtaining all zoning classifications and clearances which may be required by state or local laws, ordinances, or regulations or which may be necessary or advisable owing to any restrictive covenants relating to your location. After having obtained such approvals and clearances, you must submit to us, for our prior written approval, final plans for construction based upon the preliminary plans and specifications. Our review and approval of plans shall be limited to review of such plans to assess compliance with our design standards for Locations, including such items as trade dress, presentation of Proprietary Marks, and the provision to the potential customer of certain products and services that

are central to the purpose, atmosphere, and functioning of Fat Tuesday Locations. We will not review nor shall any approval be deemed to include your compliance with federal, state, or local laws and regulations, including the ADA, and you acknowledge and agree that compliance with such laws is and shall be your sole responsibility. Once we have approved those final plans, you cannot later change or modify the plans without our prior written consent. Any such change made without our prior written permission shall constitute a material default under this Agreement and we may withhold our authorization to open the Franchised Business (or if the Franchised Business is already open and operational we may require you to close the Franchised Business) for business until the unauthorized change is rectified (or reversed) to our reasonable satisfaction.

5.7.5 You agree to obtain all permits and certifications required for the lawful construction and operation of the Franchised Business and certify in writing to us that all such permits and certifications have been obtained.

5.7.6 You agree to employ a qualified licensed general contractor who is reasonably acceptable to us to construct the Franchised Business and to complete all improvements.

5.7.7 You agree to obtain and maintain in force during the entire period of construction the insurance required under Section 15 below; and you must deliver to us such proof of such insurance as we may require.

5.7.8 You acknowledge that any site selection assistance or approval that we provide is not to be construed or interpreted as our guarantee of success for said location, nor shall any location that we recommend, or approval that we give, be deemed as our representation that the location is available or suitable for your use as a Franchised Business.

5.8 *Pre-Opening*. Before opening for business, you agree to meet all of the pre-opening requirements specified in this Agreement (including, without limitation, those with respect to the Grand Opening Marketing Program), the Manual, and/or that we may otherwise specify in writing. Within ninety (90) days after the Franchised Business first opens for business, you must give us a full written breakdown of all costs associated with the development and construction of the Franchised Business, in the form that we may reasonably find acceptable or that we may otherwise require. Additionally, before opening the Franchised Business, and after any renovation, you must execute and deliver to us an ADA Certification in the form attached to this Agreement as Exhibit E, to certify that the Franchised Business and any proposed renovations comply with the ADA.

6 TRAINING AND PERSONNEL

6.1 *We Will Provide Training*. Before the opening of your Franchised Business, we will provide to you, and to your Store Manager (defined below), the initial training programs that we designate for new System franchisees (the "**Initial Training Program**"). We will also provide the ongoing training that we periodically deem appropriate, at such places and times that we deem proper. Our training programs will be conducted in the English language. We will be responsible for the cost of instruction and materials (except as set forth in Section 6.2.4 below), as provided in Section 6.2.9 below.

6.2 *Your Training and Personnel Obligations*. Before opening the Franchised Business, you (or, if you are an entity, your controlling principal who is also designated to serve as your general manager who we have previously approved to serve in that role (the "**Operating Partner**")) and up to one full-time general manager responsible for the day-to-day operation of the Franchised Business (the "**Store Manager**") must attend and successfully complete, to our satisfaction, the initial training program we offer.

6.2.1 The term "**Certified Manager**" is agreed to mean: ***(a)*** you (or the Operating Partner); ***(b)*** the Store Manager; and ***(c)*** additional managers of the Franchised Business who have successfully completed (to our satisfaction) our initial training program. The Store Manager must have at least three (3) years of experience working in a management capacity in a restaurant or bar/cafe, and the Store Manager may serve as the Operating Partner.

6.2.2 You may send up to two (2) individuals (including the Certified Managers) to the initial training program. If you ask to send more than two (2) individuals to the initial training program, then you agree to pay us a training fee in the amount of Two Thousand ($2,000) for each additional individual that will attend the initial training program, with payment to be made in full before initial training starts.

6.2.3 The Franchised Business must be under the active full-time management of either you or the Operating Partner or a Certified Manager. For the purpose of this Section 6.2, the Operating Partner must be a person who has at least a ten percent (10%) ownership interest in Franchisee, and who has executed the Guarantee, Indemnification, and Acknowledgement attached to this Agreement as Exhibit B.

6.2.4 If any of the Certified Managers cease active management or employment at the Franchised Business, or if we disapprove of any of the Certified Managers, then you agree to enroll a qualified replacement (who must be reasonably acceptable to us) in our initial training program within thirty (30) days after the Certified Manager ended his/her full-time employment and/or management responsibilities. The replacement must attend and successfully complete the basic management training program, to our reasonable satisfaction, as soon as it is practical to do so. We will provide you with two (2) replacement training sessions during the term of this Agreement, for up to a total of three (3) individuals during each such session. If you ask to send more than three (3) individuals to a replacement training session, or if you request more than two (2) replacement training sessions, then you agree to pay us a training fee in the amount of Two Thousand ($2,000) for each additional individual to be trained, with payment to be made in full before the replacement training starts, plus all other expenses we incur in connection with such training (including the costs of transportation, lodging, and meals).

6.2.5 Your Certified Managers may also be required to attend such refresher courses, seminars, and other training programs as we may reasonably specify from time to time. Your Certified Managers and servers must also attend and successfully complete such alcohol awareness and responsible alcohol service training programs we may periodically specify.

6.2.6 We will have the right to require that your trainees execute and deliver to us a personal covenant of confidentiality and non-competition in substantially the form appended hereto as Exhibit F.

6.2.7 You and your staff must, at all times, cooperate with us and with our representatives.

6.2.8 We have the right to require that you cover your trainees under insurance policies, as specified below in this Agreement, at all times including the training program.

6.2.9 We will bear the cost of all training (instruction and required materials, except as otherwise provided above in Section 6.2.4), and you will bear all other expenses incurred in connection with any training (including without limitation the costs of transportation, lodging, meals, wages, benefits, and worker's compensation insurance).

6.2.10 You may ask us to provide on-site training in addition to that which we will provide to you in connection with the initial training program and/or the opening of the Franchised Business, and if we are able to do so, then you agree to pay us our then-current per diem training charges as well as our out-of-pocket expenses.

7 PRODUCT AND SUPPLY

7.1 *Supplies*. You agree to buy all Products, ingredients, supplies, materials, merchandise, and other products used or offered for sale at the Franchised Business only from suppliers that we have approved in writing (and whom we have not subsequently disapproved). In determining whether we will approve any particular supplier, we will consider various factors, including: ***(a)*** whether the supplier can demonstrate, to our continuing reasonable satisfaction, the ability to meet our then-current standards and specifications for such items; ***(b)*** whether the supplier has adequate quality controls and capacity to supply your needs promptly and reliably; ***(c)*** whether approval of the supplier would enable the System, in our sole opinion, to take advantage of marketplace efficiencies; and ***(d)*** whether the supplier will sign a confidentiality agreement and a license agreement in the form that we may require (which may include a royalty fee for the right to use our Proprietary Marks and any other proprietary rights, recipes, and/or formulae). For the purpose of this Agreement, the term "**supplier**" includes, but is not limited to, manufacturers, distributors, resellers, and other vendors. You also recognize and agree that we have the right to appoint only one manufacturer, distributor, reseller, and/or other vendor for any particular item (including distribution of products to Locations, soft drinks, and similar items), which may be us or one of our affiliates.

7.1.1 Notwithstanding anything to the contrary in this Agreement, you agree to buy all of your requirements for any Proprietary Items only from us or from our designee(s), as provided in Section 7.2 below (possibly through one or more distributors that we designate in writing). We have the right, but not the obligation, to introduce additional Proprietary Items periodically.

7.1.2 If you want to buy any Products or any items (except for Proprietary Items) from an unapproved supplier, you must first submit a written request to us asking for our prior written approval. You agree not to buy from any such supplier unless and

until we have given you our prior written consent to do so. We have the right to require that our representatives be permitted to inspect the supplier's facilities, and that samples from the supplier be delivered, either to us or to an independent laboratory that we have designated for testing. You (or the supplier) may be required to pay a charge, not to exceed the reasonable cost of the inspection, as well as the actual cost of the test. We have the right to also require that the supplier comply with such other requirements that we have the right to designate, including payment of reasonable continuing inspection fees and administrative costs and/or other payment to us by the supplier on account of their dealings with you or other franchisees, for use of our trademarks, and for services that we may render to such suppliers. We also reserve the right, at our option, to periodically re-inspect the facilities and products of any such approved supplier and to revoke our approval if the supplier does not continue to meet any of our then-current criteria.

7.1.3 Nothing in the other provisions of this Agreement shall be construed to require us to approve any particular supplier, nor to require that we make available to prospective suppliers, standards and specifications for formulas, which we have the right to deem confidential.

7.1.4 Notwithstanding anything to the contrary contained in this Agreement, you acknowledge and agree we have the right to establish one or more strategic alliances or preferred vendor programs with one or more nationally or regionally-known suppliers that are willing to supply all or some Locations with some or all of the products and/or services that we require for use and/or sale in the development and/or operation of Locations. In this event, we may limit the number of approved suppliers with whom you may deal, designate sources that you must use for some or all Products, Proprietary Items, and other products and services, and/or refuse any of your requests if we believe that this action is in the best interests of the System or the network of Locations. We have the right to approve or disapprove of the suppliers who may be permitted to sell Products to you.

7.1.5 You agree that we have the right to collect and retain all manufacturing allowances, marketing allowances, rebates, credits, monies, payments or benefits (collectively, "**Allowances**") offered by suppliers to you or to us (or our affiliates) based upon your purchases of Products, Proprietary Items, and other goods and services. These Allowances include those based on System-wide purchases of beverages, food, paper goods, and other items. You assign to us or our designee all of your right, title and interest in and to any and all such Allowances and authorize us (or our designee) to collect and retain any or all such Allowances without restriction.

7.2 *Proprietary Items*. You agree that the Proprietary Items we may specify for sale at the Franchised Business are manufactured in accordance with our secret formulae, blends, standards, and specifications, and are Proprietary Items of ours and/or our affiliates. In order to maintain the high standards of quality, taste, and uniformity associated with any Proprietary Items sold under the System, you agree to buy Proprietary Items only from us or from our designee(s), and not to offer or sell any items that are similar to (but not the same as) Proprietary Items at or from the Franchised Business. In connection with the handling, storage, transport and delivery of any Proprietary Items that you buy from us, our affiliates or designee(s), you agree that any action (or inaction) by a third party (e.g., an

independent carrier) in connection with the handling, storage, transport and delivery of the Proprietary Items shall not be attributable to us, nor constitute negligence on our part.

7.3 *Employee Attire and Personal Appearance*. Your employees must comply with such dress code or standards as we may require, which may include use of branded (or other "**uniform**") apparel, and otherwise identify themselves with the Proprietary Marks at all times in the manner we specify (whether in the Manual or otherwise in writing) while on a job for the Franchised Business. We may also require that you and your employees comply with personal appearance standards (including dress code, shoes, hair color, body art, piercing, sanitation and personal hygiene, foundation garments, personal displays at work stations, etc.).

8 YOUR DUTIES

In addition to all of the other duties specified in this Agreement, you agree to all of the following:

8.1 *Importance of Following Standards*. You understand and acknowledge that every detail of the Franchised Business is important to you, to us, and to other franchisees in order to develop and maintain high operating standards, to increase the demand for the Products, Proprietary Items, and services sold by all franchisees, and to protect our reputation and goodwill. Among other things, this includes your commitment to strictly follow all of our requirements with respect to: (1) product integrity (including the use of our recipes); (2) our equipment (including installing and using the machines that we specify); (3) products (including the alcohol brands and related materials that we specify); (4) customer interaction and servicing; and (5) safety and responsible serving.

8.2 *Opening*. In connection with the opening of the Franchised Business:

8.2.1 You agree to conduct, at your expense, such grand opening promotional and marketing activities as we may require, as set forth in Section 13 below.

8.2.2 You agree to open the Franchised Business by the date specified in Section 5.1 above. You agree to give us written notice at least thirty (30) days before the date on which you propose to first open the Franchised Business for business. We reserve the right to have our representative(s) present at the opening of the Franchised Business, and if we so require, you shall not open the Franchised Business without the on-site presence of the representative(s) we select; however, we agree not to unreasonably delay the opening of the Franchised Business.

8.2.3 You will not open the Franchised Business until we have determined that all construction has been substantially completed, and that such construction conforms to our standards including, but not limited, to materials, quality of work, signage, decor, paint, and equipment, and we have given you our prior written approval to open, which we will not unreasonably withhold.

8.2.4 You agree not to open the Franchised Business until the Certified Managers have successfully completed all training that we require, and not until you have hired and trained to our standards a sufficient number of employees to service the anticipated level of the Franchised Business's customers.

8.2.5 In addition, you agree not to open the Franchised Business until the Initial Franchise Fee and any other amounts due to us (and our affiliates) under this Agreement or any other agreements have been paid.

8.3 *Health Standards*. You agree to meet and maintain the highest health standards and ratings applicable to the operation of the Franchised Business. You must furnish to us, within five (5) days of your receipt, a copy of all inspection reports, warnings, citations, certificates, and/or ratings resulting from inspections conducted by any federal, state or municipal agency with jurisdiction over the Franchised Business.

8.4 *Use of the Premises*.

8.4.1 You may use the Franchised Business premises only for the operation of the Franchised Business; and you also agree not to use or permit the Franchised Business premises to be used for any other purpose or activity at any time. As used in this Agreement, the term "premises" include the grounds surrounding the Approved Location for the Franchised Business.

8.4.2 You agree to keep the Franchised Business open and in normal operation for the hours and days that we may periodically specify in the Manual or as we may otherwise approve in writing.

8.5 *Franchised Business Condition and Maintenance*. You agree that you will, at all times, maintain the Franchised Business in a high degree of sanitation, repair, and condition, and in connection therewith shall make such additions, alterations, repairs, and replacements thereto (but no others without our prior written consent) as may be required for that purpose (including the periodic repainting or replacement of obsolete signs, furnishings, equipment, and decor that we may reasonably require). You also agree to obtain maintenance services from qualified vendors for all major items of equipment used in the Franchised Business and maintain those service agreements at all times.

8.6 *Remodeling*. You agree to refurbish the Franchised Business at your expense to conform to our then-current building design, exterior facade, trade dress, signage, furnishings, decor, color schemes, and presentation of the Proprietary Marks in a manner consistent with the then-current image for new Locations, including remodeling, redecoration, and modifications to existing improvements, all of which we may require in writing (collectively, "**Facilities Remodeling**"). In this regard, the parties agree that:

8.6.1 You will not have to engage in Facilities Remodeling more than once every five (5) years during the term of this Agreement (and not in an economically unreasonable amount); provided, however, that we may require Facilities Remodeling more often if Facilities Remodeling is required as a pre-condition to renewal (as described in Section 2.2.2 above); and

8.6.2 You will have six (6) months after you receive our written notice within which to complete Facilities Remodeling.

8.7 *Staffing*. You agree to maintain a competent, conscientious, trained staff in numbers sufficient to promptly service customers, including at least one (1) manager on duty at all times, and to take such steps as are necessary to ensure that your employees preserve good customer relations and comply with such dress code as we may prescribe.

8.8 To insure that the highest degree of quality and service is maintained, you agree to operate your Franchised Business in strict conformity with such methods, standards, and specifications that we may periodically require in the Manual or otherwise in writing. In this regard, you agree to do all of the following:

8.8.1 You agree to maintain in sufficient supply, and to use and/or sell at all times only the Products, ingredients, materials, merchandise, supplies, and paper goods that meet our written standards and specifications, and you also agree not to deviate from our standards and specifications by using or offering any non-conforming items without our specific prior written consent.

8.8.2 You agree: ***(a)*** to sell or offer for sale only those Products and services that we have approved in writing for you to sell at your Franchised Business; ***(b)*** to sell or offer for sale all those Products, utilizing the ingredients and employing the preparation standards and techniques that we specify in writing; ***(c)*** not to deviate from our standards and specifications, including manner of preparation of Products; ***(d)*** to stop selling and offering for sale any Products or services that we at any time disapprove in writing (recognizing that we have the right to do so at any time); and ***(e)*** that if you propose to deviate (or if you do deviate) from our standards and specifications, whether or not we have approved the deviation, that deviation shall become our property. You specifically acknowledge that the requirements under this Section 8.8.2 include any promotional or temporary products, activities or services you may wish to offer to customers of the Franchised Business, each of which we must approve in writing before you offer such products, activities or services.

8.8.3 You agree to permit us, or our agents, at any reasonable time, to remove samples of Products, without payment, in amounts reasonably necessary for testing by us or an independent laboratory to determine whether those samples meet our then-current standards and specifications. In addition to any other remedies we may have under this Agreement, we may require you to bear the cost of such testing if we had not previously approved the supplier of the item or if the sample fails to conform to our specifications.

8.8.4 You agree to buy and install, at your expense, all fixtures, furnishings, equipment, machinery, decor, and signs as we may specify.

8.8.5 You agree not to install or permit to be installed on or about the premises of the Franchised Business, without our prior written consent, any fixtures, furnishings, equipment, decor, signs, or other items that we have not previously in writing approved as meeting our standards and specifications.

8.8.6 You agree not to install or permit anyone else to install any vending machine, game or coin-operated (or electronic counterpart) device without our prior written consent to do so.

8.8.7 You agree not to offer mobile carts, bulk orders, or call-ahead orders without our prior written consent to do so.

8.8.8 You agree to fully and faithfully comply with all laws and regulations applicable to your Franchised Business. You agree that you will immediately suspend operation

of (and close) the Franchised Business if: ***(a)*** any Products sold at the Franchised Business appears to have been adulterated or otherwise deviate from our standards for Products; ***(b)*** any Products sold at the Franchised Business fail to comply with applicable law; and/or ***(c)*** you fail to maintain the Products, Franchised Business premises, equipment, personnel, or operation of the Franchised Business in accordance with any applicable law. In the event of such closing, you agree to immediately notify us, in writing, and also destroy all contaminated or adulterated products, eliminate the source of those products, and remedy any unsanitary, unsafe, or other condition or other violation of the applicable law. You agree not to reopen the Franchised Business until after we have inspected the Franchised Business premises, and we have determined that you have corrected the condition and that all Products sold at the Franchised Business comply with our standards.

8.8.9 The parties agree that when used in this Agreement, the term "**applicable law(s)**" means all laws (whether federal, state, local, municipal, etc.), regulations, ordinances, and similar mandates that apply to all aspects of the Franchised Business and/or offer, sale, and service of alcoholic beverages, food products, construction and design of the facility, employment matters, and all related matters (unless otherwise stated or implied by the context).

8.9 *Use of the Marks*. You will require all marketing and promotional materials, signs, decorations, merchandise, paper and plastic (for example, disposable) goods, any and all replacement trade dress products, and other items that we may designate to bear our then-current Proprietary Marks and logos in the form, color, location, and manner that we have then-prescribed.

8.10 *If You Are an Entity:*

8.10.1 *Corporate Franchisee*. If you are a corporation, then you agree to: ***(a)*** confine your activities, and your governing documents shall at all times provide that your activities are confined, exclusively to operating the Franchised Business; ***(b)*** maintain stop transfer instructions on your records against the transfer of any equity securities and shall only issue securities upon the face of which a legend, in a form satisfactory to us, appears which references the transfer restrictions imposed by this Agreement; ***(c)*** not issue any voting securities or securities convertible into voting securities; and ***(d)*** maintain a current list of all owners of record and all beneficial owners of any class of voting stock of your company and furnish the list to us upon request.

8.10.2 *Partnership/LLP Franchisee*. If you are a partnership or a limited liability partnership (LLP), then you agree to: ***(a)*** confine your activities, and your governing documents shall at all times provide that your activities are confined, exclusively to operating the Franchised Business; ***(b)*** furnish us with a copy of your partnership agreement as well as such other documents as we may reasonably request, and any amendments thereto; ***(c)*** prepare and furnish to us, upon request, a current list of all of your general and limited partners; and ***(d)*** consistent with the transfer restrictions set out in this Agreement, maintain instructions against the transfer of any partnership interests without our prior written approval.

8.10.3 *LLC Franchisee*. If you are a limited liability company (LLC), then you agree to: ***(a)*** confine your activities, and your governing documents shall at all times provide that your activities are confined, exclusively to operating the Franchised Business; ***(b)*** furnish us with a copy of your articles of organization and operating agreement, as well as such other documents as we may reasonably request, and any amendments thereto; ***(c)*** prepare and furnish to us, upon request, a current list of all members and managers in your LLC; and ***(d)*** maintain stop transfer instructions on your records against the transfer of equity securities and shall only issue securities upon the face of which bear a legend, in a form satisfactory to us, which references the transfer restrictions imposed by this Agreement.

8.10.4 *Guarantees*. Each present and future: ***(a)*** shareholder of a corporate Franchisee; ***(b)*** member of a limited liability company Franchisee; ***(c)*** partner of a partnership Franchisee; and/or ***(d)*** partner of a limited liability partnership Franchisee; must jointly and severally guarantee your performance of each and every provision of this Agreement by executing the Guarantee, Indemnification, And Acknowledgment in the form attached to this Agreement as Exhibit B.

8.11 *Quality-Control and Guest Survey Programs.* We may, from time to time, designate an independent evaluation service to conduct a "mystery shopper," "guest survey," and/or similar type, quality-control and evaluation program with respect to Locations operating in the System. You must participate in such programs as we require, and promptly pay the then-current charges of the evaluation service. If you receive an unsatisfactory or failing report in connection with any such program, you must immediately implement any remedial actions we require, and if we then must re-inspect the Location to determine whether you have corrected the operating deficiencies, we may require you to pay us an amount not to exceed One Thousand Five Hundred Dollars ($1,500) for each re-inspection of the Location.

8.12 *Prices*. You agree that we may set reasonable restrictions on the maximum and minimum prices you may charge for the menu items, products and services offered and sold under this Agreement. With respect to the sale of all such menu items, products, or services, you will have sole discretion as to the prices to be charged to customers; provided, however, that we will have the right to set maximum or minimum prices on such menu items, products, and services (subject to applicable law concerning pricing). If we impose a maximum price on a particular menu item, product, or service, then you may charge any price for that menu item, product, or service, up to and including the maximum price we have set. If we impose a minimum price on a particular menu item, product, or service, then you may charge any price for that menu item, product, or service, down to and including the minimum price that we have set.

8.13 *Environmental Matters*. We are committed to working to attain optimal performance of Locations with respect to environmental, sustainability, and energy performance. We each recognize and agree that there are changing standards in this area in terms of applicable law, competitors' actions, consumer expectations, obtaining a market advantage, available and affordable solutions, and other relevant considerations. In view of those and other considerations, as well as the long-term nature of this Agreement, you agree that we have the right to periodically set reasonable standards with respect to environmental, sustainability, and energy for the System through the Manual, and you agree to abide by those standards.

8.14 *Innovations.* You agree to disclose to us all ideas, concepts, drawings, architectural plans, methods, techniques and products conceived or developed by you, your affiliates, owners and/or employees during the term of this Agreement relating to the development and/or operation of the Locations. All such products, services, concepts, methods, techniques, and new information will be deemed to be our sole and exclusive property and works made-for-hire for us (and you agree to sign and/or cause to be signed an assignment of copyright to us as to such innovations). You hereby grant to us (and agree to obtain from your affiliates, owners, employees, and/or contractors), a perpetual, non-exclusive, and worldwide right to use any such ideas, concepts, methods, techniques and products in all bar, food service, and entertainment businesses that we and/or our affiliates, franchisees and designees operate. We will have the right to use those ideas, concepts, methods, techniques, and/or products without making payment to you. You agree not to use or allow any other person or entity to use any such concept, method, technique or product without obtaining our prior written approval.

9 PROPRIETARY MARKS

9.1 *Our Representations*. We represent to you that we own (or have an appropriate license to) all right, title, and interest in and to the Proprietary Marks, and that we have taken (and will take) all steps reasonably necessary to preserve and protect the ownership and validity in, and of, the Proprietary Marks.

9.2 *Your Agreement*. With respect to your use of the Proprietary Marks, you agree that:

9.2.1 You will use only the Proprietary Marks that we have designated in writing, and you will use them only in the manner we have authorized and permitted in writing; and all items bearing the Proprietary Marks must bear the then-current logo.

9.2.2 You will use the Proprietary Marks only for the operation of the business franchised under this Agreement and only at the location authorized under this Agreement, or in franchisor-approved marketing for the business conducted at or from that location (subject to the other provisions of this Agreement).

9.2.3 Unless we otherwise direct you in writing to do so, you agree to operate and advertise the Franchised Business only under the name “Fat Tuesday” without prefix or suffix.

9.2.4 During the term of this Agreement and any renewal of this Agreement, you will identify yourself (in a manner reasonably acceptable to us) as the owner of the Franchised Business in conjunction with any use of the Proprietary Marks, including, but not limited to, uses on invoices, order forms, receipts, and contracts, as well as the display of a notice in such content and form and at such conspicuous locations on the premises of the Franchised Business as we may designate in writing.

9.2.5 Your right to use the Proprietary Marks is limited to such uses as are authorized under this Agreement, and any unauthorized use thereof shall constitute an infringement of our rights.

9.2.6 You agree not to use the Proprietary Marks to incur any obligation or indebtedness on our behalf.

9.2.7 You agree not to use the Proprietary Marks as part of your corporate or other legal name, or as part of any e-mail address, domain name, social networking site page, or other identification of Franchisee in any electronic medium.

9.2.8 You agree to execute any documents that we (or our affiliates) deem necessary to obtain protection for the Proprietary Marks or to maintain their continued validity and enforceability.

9.2.9 With respect to litigation involving the Proprietary Marks, the parties agree that:

9.2.9.1 You agree to promptly notify us of any suspected infringement of the Proprietary Marks, any known challenge to the validity of the Proprietary Marks, or any known challenge to our ownership of, or your right to use, the Proprietary Marks licensed under this Agreement. You acknowledge that we will have the sole right to direct and control any administrative proceeding or litigation involving the Proprietary Marks, including any settlement thereof. We will also have the sole right, but not the obligation, to take action against uses by others that may constitute infringement of the Proprietary Marks.

9.2.9.2 If you have used the Proprietary Marks in accordance with this Agreement, then we will defend you at our expense against any third party claim, suit, or demand involving the Proprietary Marks arising out of your use thereof. If you have used the Proprietary Marks but not in accordance with this Agreement, then we will still defend you, but at your expense, against such third party claims, suits, or demands.

9.2.9.3 Except to the extent that such litigation is the result of your use of the Proprietary Marks in a manner inconsistent with the terms of this Agreement, we agree to reimburse you for your out-of-pocket litigation costs in doing such acts and things, except that you will bear the salary costs of your employees, and we will bear the costs of any judgment or settlement.

9.2.9.4 To the extent that such litigation is the result of your use of the Proprietary Marks in a manner inconsistent with the terms of this Agreement, then you agree to reimburse us for the cost of such litigation (or, upon our written request, pay our legal fees directly), including without limitation reasonable attorneys' fees, court costs, discovery costs, and all other related expenses, as well as the cost of any judgment or settlement.

9.2.9.5 If we undertake the defense or prosecution of any litigation or other similar proceeding relating to the Proprietary Marks, you agree to sign any and all documents, and do those acts and things that may, in our counsel's opinion, be necessary to carry out the defense or prosecution of that matter (including becoming a nominal party to any legal action).

9.3 *Your Acknowledgements*. You expressly understand and acknowledge that:

9.3.1 We own all right, title, and interest in and to the Proprietary Marks and the goodwill associated with and symbolized by them.

9.3.2 The Proprietary Marks are valid and serve to identify the System and those who are authorized to operate under the System.

9.3.3 Neither you nor any of your owners, principals, or other persons acting on your behalf will directly or indirectly contest the validity or our ownership of the Proprietary Marks, nor will you, directly or indirectly, seek to register the Proprietary Marks with any government agency (unless we have given you our express prior written consent to do so).

9.3.4 Your use of the Proprietary Marks does not give you any ownership interest or other interest in or to the Proprietary Marks, except the license granted by this Agreement.

9.3.5 Any and all goodwill arising from your use of the Proprietary Marks shall inure solely and exclusively to our benefit, and upon expiration or termination of this Agreement and the license granted as part of this Agreement, there will be no monetary amount assigned as attributable to any goodwill associated with your use of our System or of our Proprietary Marks.

9.3.6 The right and license of the Proprietary Marks that we have granted to you under this Agreement is non-exclusive, and we therefore have the right, among other things:

9.3.6.1 To use the Proprietary Marks ourselves in connection with selling Products and services;

9.3.6.2 To grant other licenses for the Proprietary Marks, in addition to licenses we may have already granted to existing franchisees; and

9.3.6.3 To develop and establish other systems using the same or similar Proprietary Marks, or any other proprietary marks, and to grant licenses or franchises for those other marks without giving you any rights to those other marks.

9.4 *Change to Marks*. We reserve the right to substitute different Proprietary Marks for use in identifying the System and the businesses operating as part of the System if our currently owned Proprietary Marks no longer can be used, or if we determine, exercising our right to do so, that substitution of different Proprietary Marks will be beneficial to the System. In such circumstances, your right to use the substituted proprietary marks shall be governed by (and pursuant to) the terms of this Agreement.

10 MANUALS

10.1 *You Agree to Abide by the Manual*. In order to protect our reputation and goodwill and to maintain high standards of operation under our Proprietary Marks, you agree to conduct

your business in accordance with the written instructions that we provide, including the Manual. We will lend to you (or permit you to have access to) one (1) copy of our Manual, only for the term of this Agreement, and only for your use in connection with operating the Franchised Business during the term of this Agreement.

10.2 *Format of the Manual*. We will have the right to provide the Manual in any format we determine is appropriate (including paper format and/or by making some or all of the Manual available to you in electronic form, such as through an internet website or an extranet). If at any time we choose to provide the Manual electronically, you agree to immediately return to us any and all physical copies of the Manual that we have previously provided to you.

10.3 *We Own the Manual*. The Manual shall at all times remain our sole property and you agree to promptly return the Manual when this Agreement expires or if it is terminated. (All references in this Agreement to the Manual include all of the content in the Manual.)

10.4 *Confidentiality and Use of the Manual*. The Manual contains our proprietary information and you agree to keep the Manual confidential both during the term of this Agreement and after this Agreement expires and/or is terminated. You agree that, at all times, you will insure that your copy of the Manual will be available at the Franchised Business premises in a current and up-to-date manner. You agree not to make any unauthorized use, disclosure or duplication of any portion of the Manual. Whenever the Manual is not in use by authorized personnel, you agree to maintain the Manual in a locked receptacle at the premises of the Franchised Business, and you agree to grant only authorized personnel (as defined in the Manual) access to the key or lock combination of that receptacle.

10.5 *You Agree to Treat Manual as Confidential*. You agree that at all times, you will treat the Manual, any other manuals that we create (or approve) for use in the operation of the Franchised Business, and the information contained in those materials, as confidential, and you also agree to use your best efforts to maintain such information as secret and confidential. You agree that you will never copy, duplicate, record, or otherwise reproduce those materials, in whole or in part, nor will you otherwise make those materials available to any unauthorized person.

10.6 *Which Copy of the Manual Controls*. You agree to keep your copy of the Manual only at the Franchised Business (and as provided in Section 10.4 above) and also to insure that the Manual are kept current and up to date. You also agree that if there is any dispute as to the contents of the Manual, the terms of the master copy of the Manual that we maintain in our home office will be controlling. Access to any electronic version of the Manual shall also be subject to our reasonable requirements with respect to security and other matters, as described in Section 14 below.

10.7 *Revisions to the Manual*. We have the right to revise the contents of the Manual whenever we deem it appropriate to do so, and you agree to make corresponding revisions to your copy of the Manual and to comply with each new or changed standard.

10.8 *Modifications to the System*. You recognize and agree that we may periodically change or modify the System and you agree to accept and use for the purpose of this Agreement any such change in the System (which may include, among other things, new or modified trade names, service marks, trademarks or copyrighted materials, new products, new equipment or new techniques, as if they were part of this Agreement at the time when you

and we signed this Agreement; provided the financial burden placed upon you is not substantial). You agree to make such expenditures and such changes or modifications as we may reasonably require pursuant to this Section and otherwise in this Agreement.

11 CONFIDENTIAL INFORMATION

11.1 *Confidentiality*.

11.1.1 You shall not, during the term of this Agreement or at any time thereafter, communicate, divulge, or use for the benefit of any other person, persons, partnership, entity, association, or corporation any Confidential Information that may be communicated to you or of which you may be apprised by virtue of your operation under the terms of this Agreement. You may divulge our Confidential Information only to those of your employees as must have access to it in order to operate the Franchised Business.

11.1.2 Any and all information, knowledge, know-how, and techniques that we designate as confidential shall be deemed Confidential Information for purposes of this Agreement, except information that you can demonstrate came to your attention before disclosure of that information by us; or which, at or after the time of our disclosure to you, had become or later becomes a part of the public domain, through publication or communication by others.

11.1.3 Any employee who may have access to any Confidential Information regarding the Franchised Business shall execute a covenant that s/he will maintain the confidentiality of information they receive in connection with their association with you. Such covenants shall be on a form that we provide, which form shall, among other things, designate us as a third party beneficiary of such covenants with the independent right to enforce them.

11.1.4 As used in this Agreement, the term "**Confidential Information**" includes, without limitation, our business concepts and plans, recipes, food preparation methods, equipment, operating techniques, marketing methods, processes, formulae, manufacturing and vendor information, results of operations and quality control information, financial information, demographic and trade area information, prospective site locations, market penetration techniques, plans, or schedules, the Manuals, customer profiles, preferences, or statistics, menu breakdowns, itemized costs, franchisee composition, territories, and development plans, and all related trade secrets or other confidential or proprietary information treated as such by us, whether by course of conduct, by letter or report, or by the use of any appropriate proprietary stamp or legend designating such information or item to be confidential or proprietary, by any communication to such effect made prior to or at the time any Confidential Information is disclosed to you.

11.2 *Consequences of Breach*. You acknowledge that any failure to comply with the requirements of this Section 11 will cause us irreparable injury, and you agree to pay all costs (including, without limitation, reasonable attorneys' fees, court costs, discovery costs, and all other related expenses) that we incur in obtaining specific performance of, or an injunction against violation of, the requirements of this Section 11.

12 ACCOUNTING, FINANCIAL AND OTHER RECORDS, AND INSPECTIONS

12.1 *Accounting Records*.

12.1.1 With respect to the operation and financial condition of the Franchised Business, we will have the right to designate, and you agree to adopt, the fiscal year and interim fiscal periods that we decide are appropriate for the System.

12.1.2 With respect to the Franchised Business, you agree to maintain for at least three (3) years during (as well as after) the term of this Agreement (and also after any termination and/or transfer), full, complete, and accurate books, records, and accounts prepared in accordance with generally accepted accounting principles and in the form and manner we have prescribed from time to time in the Manual or otherwise in writing, including: ***(a)*** daily cash reports; ***(b)*** cash receipts journal and general ledger; ***(c)*** cash disbursements and weekly payroll journal and schedule; ***(d)*** monthly bank statements, daily deposit slips and cancelled checks; ***(e)*** all tax returns; ***(f)*** supplier's invoices (paid and unpaid); ***(g)*** dated daily and weekly cash register journals and POS reports in accordance with our standards; ***(h)*** fiscal period balance sheets and fiscal period profit and loss statements; (***i***) operational schedules and weekly inventory records; ***(j)*** records of promotion and coupon redemption; and ***(k)*** such other records as we may from time to time request.

12.1.3 We have the right to specify a common chart of accounts, and, if we do so, you agree to use that chart of accounts (and require your bookkeeper and accountant to do so) in preparing and submitting your financial statements to us.

12.2 *Financial Statements*.

12.2.1 You agree to provide us, at your expense, and in a format that we have specified, a complete annual financial statement prepared on a review basis by an independent certified public accountant (as to whom we do not have a reasonable objection) within ninety (90) days after the end of each fiscal year of the Franchised Business during the term of this Agreement. Your financial statement must be prepared according to generally accepted accounting principles, include a fiscal year-end balance sheet, an income statement of the Franchised Business for that fiscal year reflecting all year-end adjustments, and a statement of changes in your cash flow reflecting the results of operations of the Franchised Business during the most recently completed fiscal year.

12.2.2 In addition, no later than the fifteenth (15th) day after the end of each fiscal quarter after the opening of the Franchised Business, you agree to send to us copies of all sales tax returns for the Franchised Business.

12.3 *Additional Information*. You also agree to submit to us (in addition to the Sales Reports required pursuant to Section 4.2 above), for review or auditing, such other forms, reports, records, information, and data as and when we may reasonably designate, in the form and format, and at the times and places as we may reasonably require, upon request and as specified from time to time in the Manual or otherwise in writing, including: ***(a)*** information in electronic format; ***(b)*** restated in accordance with our financial reporting periods; ***(c)*** consistent with our then-current financial reporting periods and accounting

practices and standards; and/or ***(d)*** as necessary so that we can comply with reporting obligations imposed upon us by tax authorities with jurisdiction over the Franchised Business and/or our company. The reporting requirements of this Section 12.3 shall be in addition to, and not in lieu of, the electronic reporting required under Section 14 below.

12.4 *PCI Compliance and Credit Cards*. With respect to your acceptance and processing of customer payments by credit and debit cards, you agree to do all of the following:

12.4.1 You agree to maintain, at all times, credit-card relationships with the credit- and debit-card issuers or sponsors, check or credit verification services, financial-center services, merchant service providers, and electronic-fund-transfer systems (together, "**Payment Vendors**") that we may periodically designate as mandatory. The term "Payment Vendors" includes, among other things, companies that provide services for electronic payment, such as near field communication vendors (for example, "Apple Pay" and "Google Wallet"). The obligations specified in this Section include your agreement to pay the applicable charges imposed by the Payment Vendors for participation in, and transactions conducted through, those methods. (However, nothing in this Agreement requires us to enter into contracts or relationships with any one or more Payment Vendors.)

12.4.2 You agree not to use any Payment Vendor for which we have not given you our prior written approval or as to which we have revoked our earlier approval.

12.4.3 We have the right to modify our requirements and designate additional approved or required methods of payment and vendors for processing such payments, and to revoke our approval of any service provider.

12.4.4 You agree to comply with all of our policies regarding acceptance of payment by credit and/or debit cards, including for example minimum purchase requirements for a customer's use of a credit card (we may set these requirements in the Manual).

12.4.5 You agree to comply with our requirements concerning data collection and protection, as specified in Section 14.3 below.

12.4.6 You agree to comply with the then-current Payment Card Industry Data Security Standards as those standards may be revised and modified by the PCI Security Standards Council, LLC (see www.pcisecuritystandards.org), or any successor organization or standards that we may reasonably specify. Among other things, you agree to implement the enhancements, security requirements, and other standards that the PCI Security Standards Council (or its successor) requires of a merchant that accepts payment by credit and/or debit cards.

12.5 *Gift Cards and Incentive Programs*. You agree to offer for sale, and to honor for purchases by customers, all gift cards (physical and digital) and other incentive or convenience programs that we may periodically establish (including loyalty programs that we or a third party vendor operate, as well as mobile payment applications); and you agree to do all of those things in compliance with our standards and procedures for such programs. In order to participate, you agree that you will, among other things: purchase software, hardware, and other items needed to sell and process gift cards, and to contact the gift card supplier or processing services; and pay the applicable charges for participation in, and

transactions conducted through, these gift cards and other incentive or convenience programs.

12.6 *Our Right to Inspect Your Books and Records*. We shall have the right at all reasonable times to examine, copy, and/or personally review or audit (at our expense) all of your books, records, and sales and income tax returns in person or through electronic access (at our option). We will also have the right, at any time, to have an independent audit made of your books and records. If an inspection should reveal that you have understated any payments in any report to us, then this shall constitute a default under this Agreement, and you must immediately pay us the amount understated upon demand, in addition to interest from the date such amount was due until paid, at the rate of one and one-half percent (1.5%) per month (but not more than the maximum rate permitted by law, if any). If we conduct an inspection because you did not timely provide Sales Reports to us, or if an inspection discloses that you understated your sales, in any report to us, by two percent (2%) or more, then you agree (in addition to paying us the overdue amount and interest) to reimburse us for any and all costs and expenses we incur in connected with the inspection (including travel, lodging and wages expenses, and reasonable accounting and legal costs). These remedies shall be in addition to any other remedies we may have. We may exercise our rights under this Section 12 directly or by engaging outside professional advisors (for example, a CPA) to represent us.

12.7 *Inspections*. In addition to the provisions of Section 12.4 above, you also grant to us and our agents the right to enter upon the Franchised Business premises at any reasonable time for the purpose of conducting inspections, for among other purposes, preserving the validity of the Proprietary Marks, and verifying your compliance with this Agreement and the policies and procedures outlined in the Manual. You agree to cooperate with our representatives in such inspections by rendering such assistance as they may reasonably request; and, upon notice from us or from our agents (and without limiting our other rights under this Agreement), you agree to take such steps as may be necessary to correct immediately any deficiencies detected during any such inspection.

13 MARKETING

13.1 *Local Store Marketing*. You must conduct local store marketing in your Protected Territory. We do not require you to spend a particular amount on local store marketing, but we recommend that you spend a minimum of two percent (2%) of your Franchised Business' Gross Sales, each month, on local store marketing within the Protected Territory. You must, however, spend a minimum of Ten Thousand Dollars ($10,000) to conduct the Grand Opening Marketing Program described in Section 13.6 below.

13.1.1 You must advertise the Franchised Business in all major directories in your Protected Territory, including local online directories, as prescribed in the Manual. If you advertise jointly with other franchisees, your share of the cost will count toward your local spending requirement.

13.1.2 As used in this Agreement, the term "**local store marketing**" shall consist only of the direct costs of purchasing and producing marketing materials (including, but not limited to, camera-ready advertising and point of sale materials), media (space or time), and those direct out-of-pocket expenses related to costs of marketing and sales promotion that you spend in your local market or area, advertising agency

fees and expenses, postage, shipping, telephone, and photocopying; however, the parties expressly agree that local store marketing shall not include costs or expenses that you incur or that are spent on your behalf in connection with any of the following:

13.1.2.1 Salaries and expenses of your employees, including salaries or expenses for attendance at marketing meetings or activities, or incentives provided or offered to such employees, including discount coupons;

13.1.2.2 Political donations;

13.1.2.3 The value of discounts provided to consumers; and/or

13.1.2.4 The cost of food, beverage, and merchandise items.

13.2 *Market Co-op Fund*. We will have the right to designate any geographical area for purposes of establishing a cooperative market marketing fund ("**Market Co-op Fund**"). If a Market Co-op Fund for the geographic area in which the Franchised Business is located has been established at the time you start to operate under this Agreement, you will immediately become a member of such Market Co-op Fund. If a Market Co-op Fund for the geographic area in which the Franchised Business is located is established during the term of this Agreement, you will become a member of that Market Co-op Fund within thirty (30) days after the date on which the Market Co-op Fund commences operation. (However, you will not be required to be a member of more than one Market Co-op Fund for the Franchised Business.) The following provisions shall apply to each Market Co-op Fund:

13.2.1 Each Market Co-op Fund shall be organized (including bylaws and other organic documents) and governed in a form and manner, and shall commence operations on a date, which we must have approved in advance in writing. The activities carried on by each Market Co-op Fund shall be decided by a majority vote of its members (unless we specify otherwise in writing). Any Locations that we operate in the region shall have the same voting rights as Locations owned by franchisees. Each Franchised Business owner shall be entitled to cast one (1) vote for each Franchised Business owned.

13.2.2 Each Market Co-op Fund shall be organized for the exclusive purpose of administering regional marketing programs and developing, subject to our approval, standardized promotional materials for use by the members in local store marketing.

13.2.3 No advertising, marketing, or promotional plans or materials may be used by a Market Co-op Fund or furnished to its members without our prior written approval as specified in Section 13.4 below.

13.2.4 You agree to contribute to a Market Co-op Fund in the amount agreed by the Market Co-op Fund.

13.2.5 Although once established, each Market Co-op Fund is intended to be of perpetual duration, we maintain the right to terminate any Market Co-op Fund. A Market Co-

op Fund shall not be terminated, however, until all monies in that Market Co-op Fund have been expended for marketing and/or promotional purposes.

13.3 *Standards*. All of your local store marketing must: ***(a)*** be in the media, and of the type and format, that we may approve; ***(b)*** be conducted in a dignified manner; and ***(c)*** conform to the standards and requirements that we may specify. You agree not to use any advertising, marketing materials, and/or promotional plans unless and until you have received our prior written approval, as specified in Section 13.4 below.

13.4 *Our Review and Right to Approve All Proposed Marketing*. For all proposed advertising, marketing, and promotional plans, you (or the Market Co-op Fund, where applicable) shall submit to us samples of such plans and materials (by means described in Section 24 below), for our review and prior written approval. If you (or the Market Co-op Fund) have not received our written approval within fourteen (14) days after we have received those proposed samples or materials, then we will be deemed to have disapproved them. You acknowledge and agree that any and all copyright in and to advertising, marketing materials, and promotional plans developed by or on behalf of you will be our sole property, and you agree to sign such documents (and, if necessary, require your employees and independent contractors to sign such documents) that we deem reasonably necessary to give effect to this provision.

13.5 *Materials Available for Purchase*. We will periodically make available to you, for your purchase, marketing plans and promotional materials, including newspaper mats, coupons, merchandising materials, sales aids, point-of-purchase materials, special promotions, direct mail materials, community relations programs, and similar marketing and promotional materials for use in local store marketing.

13.6 *Grand Opening Marketing Program*. You agree to spend a minimum of Ten Thousand Dollars ($10,000) for grand opening marketing and promotional programs in conjunction with the Franchised Business's initial grand opening, pursuant to a grand opening marketing plan that you develop and that we approve in writing (the "**Grand Opening Marketing Program**"). The Grand Opening Marketing Program shall be executed and completed during the period fifteen (15) days prior to opening of the Franchised Business until fifteen (15) days after the Franchised Business commences operation, and is subject to the provisions of Section 13.4 above. For the purpose of this Agreement, the Grand Opening Marketing Program shall be considered local store marketing, as provided under Section 13.1 above. We reserve the right to require you to deposit the funds required under this Section 13.6 with us, for us to distribute as may be necessary in order to conduct the Grand Opening Marketing Program.

13.7 *Rebates*. You acknowledge that periodic rebates, give-aways and other promotions and programs will, if and when we adopt them, be an integral part of the System. Accordingly, you agree to honor and participate (at your expense) in reasonable rebates, give-aways, marketing programs, and other promotions that we establish and/or that other franchisees sponsor, so long as they do not violate regulations and laws of appropriate governmental authorities.

13.8 *Considerations As to Charitable Efforts*. You acknowledge and agree that certain associations between you and/or the Franchised Business and/or the Proprietary Marks and/or the System, on the one hand, and certain political, religious, cultural or other types

of groups, organizations, causes, or activities, on the other, however well-intentioned and/or legal, may create an unwelcome, unfair, or unpopular association with, and/or an adverse effect on, our reputation and/or the good will associated with the Proprietary Marks. Accordingly, you agree that you will not, without our prior written consent, take any actions that are, or which may be perceived by the public to be, taken in the name of, in connection or association with you, the Proprietary Marks, the Franchised Business, us, and/or the System involving the donation of any money, products, services, goods, or other items to, any charitable, political or religious organization, group, or activity.

14 TECHNOLOGY

14.1 *Computer Systems and Required Software.* With respect to computer systems and required software:

14.1.1 We have the right to specify or require that certain brands, types, makes, and/or models of communications, computer systems, and hardware to be used by, between, or among Locations, and in accordance with our standards, including without limitation: ***(a)*** back office and point of sale systems, data, audio, video (including managed video security surveillance), telephone, voice messaging, retrieval, and transmission systems for use at Locations, between or among Locations, and between and among the Franchised Business, and you, and us; ***(b)*** POS Systems (defined in Section 14.7 below); ***(c)*** physical, electronic, and other security systems and measures; ***(d)*** printers and other peripheral devices (e.g., digital menu boards); ***(e)*** archival back-up systems; ***(f)*** internet access mode (e.g., form of telecommunications connection) and speed; ***(g)*** front-of-the-house WiFi and other internet service for customers; and ***(h)*** processing gift and loyalty cards (collectively, all of the above are referred to as the "**Computer System**").

14.1.2 We will have the right, but not the obligation, to develop or have developed for us, or to designate: ***(a)*** computer software programs and accounting system software that you must use in connection with the Computer System ("**Required Software**"), which you must install; ***(b)*** updates, supplements, modifications, or enhancements to the Required Software, which you must install; ***(c)*** the tangible media upon which you must record data; and ***(d)*** the database file structure of your Computer System. If we require you to use any of all of the above items, then you agree that you will do so.

14.1.3 You must install and use the Computer System and Required Software at your sole expense. You agree to pay us or third party vendors, as the case may be, initial and ongoing fees in order to install and continue to use the Required Software, hardware, and other elements of the Computer System.

14.1.4 You must implement and periodically make upgrades and other changes at your expense to the Computer System and Required Software as we may reasonably request in writing (collectively, "**Computer Upgrades**").

14.1.5 You must comply with all specifications that we issue with respect to the Computer System and the Required Software, and with respect to Computer Upgrades, at your expense. You must also afford us unimpeded access to your Computer

System and Required Software, including all information and data maintained thereon, in the manner, form, and at the times that we request.

14.1.6 You must pay the system support fee in the amount that we periodically specify, as described in Section 4.9 above.

14.2 *Data*.

14.2.1 All data you collect, create, provide, or otherwise develop on your Computer System, whether or not uploaded to our system from your system, and/or downloaded from your system to our system, is and will be owned exclusively by us, and we will have the right to access, download, and use such data in any manner that we deem appropriate without compensation to you.

14.2.2 All other data that you create or collect in connection with the System, and in connection with your operation of the Franchised Business (including customer and transaction data), is and will be owned exclusively by us during the term of, and following termination or expiration of, this Agreement.

14.2.3 You agree to transfer to us all data that we do not automatically collect upon our request.

14.2.4 We hereby license use of such data back to you, at no additional cost, solely for the term of this Agreement and solely for your use in connection with operating the Franchised Business under the System. You acknowledge and agree that except for the right to use the data under this clause, you will not develop or have any ownership rights in or to the data.

14.2.5 Upon termination, expiration, and/or transfer of this Agreement and/or the Franchised Business, you agree to provide us with all data (in the digital machine-readable format that we specify, and/or printed copies, and/or originals) promptly upon our request.

14.3 *Data Requirements and Usage*. We may periodically specify in the Manual or otherwise in writing the information that you must collect and maintain on the Computer System installed at the Franchised Business, and you must provide to us such reports as we may reasonably request from the data so collected and maintained. All data pertaining to or derived from the Franchised Business (including, without limitation, data pertaining to or otherwise about Franchised Business customers) is and shall be our exclusive property, and we hereby grant a royalty-free non-exclusive license to you to use such data during the term of this Agreement.

14.3.1 You must abide by all applicable laws concerning the privacy of consumer, employee, and transactional information ("**Privacy Laws**").

14.3.2 You must comply with our standards and policies pertaining to the privacy of consumer, employee, and transactional information. If there is a conflict between our standards and policies and Privacy Laws, you must: ***(a)*** comply with the requirements of Privacy Laws; ***(b)*** immediately give us written notice of such conflict; and ***(c)*** promptly and fully cooperate with us and our counsel in

determining the most effective way, if any, to meet our standards and policies pertaining to privacy within the bounds of Privacy Laws.

14.3.3 You must not publish, disseminate, implement, revise, or rescind a data privacy policy without our prior written consent as to such policy.

14.4 *Extranet*. You must comply with our requirements (as set forth in the Manual or otherwise in writing) with respect to establishing and maintaining telecommunications connections between your Computer System and our Extranet and/or such other computer systems as we may reasonably require. The term "**Extranet**" means a private network based upon Internet protocols that will allow users inside and outside of our headquarters to access certain parts of our computer network via the Internet. We may establish an Extranet (but are not required to do so or to maintain an Extranet). If we establish an Extranet, then you must comply with our requirements (as set forth in the Manual or otherwise in writing) with respect to connecting to the Extranet, and utilizing the Extranet in connection with the operation of your Franchised Business. The Extranet may include, without limitation, the Manual, training and other assistance materials, and management reporting solutions (both upstream and downstream, as we may direct). You must purchase and maintain such computer software and hardware (including telecommunications capacity) as may be required to connect to and utilize the Extranet. You agree to execute and deliver to us such documents as we may deem reasonably necessary to permit you to access the Extranet.

14.5 *Online Ordering System*. You agree to participate in our online ordering system, on such terms and conditions that we may specify in the Manual, and to pay the fees for such online ordering system that we and/or our vendor reasonably specify.

14.6 *No Separate Online Sites*. Unless we have otherwise approved in writing, you agree to neither establish nor permit any other party to establish an Online Site relating in any manner whatsoever to the Franchised Business or referring to the Proprietary Marks. We will have the right, but not the obligation, to provide one or more references or webpage(s), as we may periodically designate, within our Online Site. The term "**Online Site**" means one or more related documents, designs, pages, or other communications that can be accessed through electronic means, including, but not limited to, the Internet, World Wide Web, webpages, microsites, social networking sites (e.g., Facebook, Twitter, LinkedIn, You Tube, Google Plus, Pinterest, Instagram, etc.), blogs, vlogs, applications to be installed on mobile devices (e.g., iOS or Android apps), and other applications, etc. However, if we give you our prior written consent to have a separate Online Site (which we are not obligated to approve), then each of the following provisions shall apply:

14.6.1 You must not establish or use any Online Site without our prior written approval.

14.6.2 Any Online site owned or maintained by or for your benefit will be deemed "marketing" under this Agreement, and will be subject to (among other things) our approval under Section 13.4 above.

14.6.3 Before establishing any Online Site, you must submit to us, for our prior written approval, a sample of the proposed Online Site domain name, format, visible content (including, without limitation, proposed screen shots, links, and other content), and non-visible content (including, without limitation, meta tags, cookies, and other electronic tags) in the form and manner we may reasonably require.

14.6.4 You may not use or modify such Online Site without our prior written approval as to such proposed use or modification.

14.6.5 In addition to any other applicable requirements, you must comply with the standards and specifications for Online Sites that we may periodically prescribe in the Manual or otherwise in writing (including, but not limited to, requirements pertaining to designating us as the sole administrator or co-administrator of the Online Site).

14.6.6 If we require, you must establish such hyperlinks to our Online Site and others as we may request in writing.

14.6.7 If we require you to do so, you must make weekly or other periodic updates to our Online Site to reflect information regarding specials and other promotions at your Franchised Business.

14.6.8 We may require you to make us the sole administrator (or co-administrator) of any social networking pages that you maintain or that are maintained on your behalf, and we will have the right (but not the obligation) to exercise all of the rights and privileges that an administrator may exercise.

14.7 *POS Systems*. You must record all sales on computer-based point of sale systems we approve or on such other types of cash registers as we may designate in the Manual or otherwise in writing ("**POS Systems**"), which shall be deemed part of your Computer System. You must utilize POS Systems that are fully compatible with any program, software program, and/or system which we, in our discretion, may employ (including mobile or remote device, application and payment systems), and you must record all Gross Revenues and all sales information on such equipment. We may designate one or more third party suppliers or servicers to provide installation, maintenance, and/or support for the POS System, and you must enter into and maintain such agreements (including making such payments) as we or the third party suppliers and/or servicers require in connection with the installation, maintenance, and/or support for the POS System. The POS System is part of the Computer System. You must at all times maintain a continuous high-speed cabled (not wireless) connection to the Internet to send and receive POS data to us. Wireless connections to the Internet are not currently authorized or supported for the POS System.

14.8 *Electronic Identifiers; E-Mail*.

14.8.1 You agree not to use the Proprietary Marks or any abbreviation or other name associated with us and/or the System as part of any e-mail address, domain name, social network or social media name or address, and/or any other identification of you and/or your business in any electronic medium.

14.8.2 You agree not to transmit or cause any other party to transmit advertisements or solicitations by e-mail, text message, and/or other electronic media without first obtaining our written consent as to: ***(a)*** the content of such electronic advertisements or solicitations; and ***(b)*** your plan for transmitting such advertisements. In addition to any other provision of this Agreement, you will be solely responsible for compliance with any laws pertaining to sending electronic communication including, but not limited to, the Controlling the Assault of Non-

Solicited Pornography and Marketing Act of 2003 (known as the "CAN-SPAM Act of 2003") and the Federal Telephone Consumer Protection Act. (As used in this Agreement, the term "**electronic communication**" is agreed to include all methods for sending communication electronically, whether or not currently invented or used, including without limitation e-mails, text messages, and faxes.)

14.9 *Outsourcing*. You agree not to hire third party or outside vendors to perform any services or obligations in connection with the Computer System, Required Software, and/or any other of your obligations, without our prior written approval. Our consideration of any proposed outsourcing vendor(s) may be conditioned upon, among other things, such third party or outside vendor's entry into a confidentiality agreement with us and you in a form that we may reasonably provide and the third party or outside vendor's agreement to pay for all initial and ongoing costs related to interfaces with our computer systems. The provisions of this section are in addition to and not instead of any other provision of this Agreement. You agree not to install (and/or remove) any software or firmware from the Computer System without our prior written consent.

14.10 *Telephone Service*. You agree to use the telephone service for the Store that we may require, which may be one or more centralized vendors that we designate for that purpose. You agree that we may designate, and own, the telephone numbers for your Franchised Business.

14.11 *Changes*. You acknowledge and agree that changes to technology are dynamic and not predictable within the term of this Agreement. In order to provide for inevitable but unpredictable changes to technological needs and opportunities, you agree that we will have the right to establish, in writing, reasonable new standards for the implementation of technology in the System; and you agree to abide by those reasonable new standards we establish as this Section 14 were periodically revised by us for that purpose.

14.12 Electronic Communication – Including E-Mail, Fax, and Texts. You acknowledge and agree that exchanging information with us by electronic media is an important way to enable quick, effective, and efficient communication, and that we are entitled to rely upon your use of e-mail and faxes for communicating as part of the economic bargain underlying this Agreement. To facilitate the use of electronic communication to exchange information, you authorize the transmission of those electronic communications by us and our employees, vendors, and affiliates (on matters pertaining to the business contemplated hereunder) (together, "**Official Senders**") to you during the term of this Agreement.

14.12.1 In order to implement the terms of this Section 14.12, you agree that: ***(a)*** Official Senders are authorized to send electronic communications to those of your employees as you may occasionally designate for the purpose of communicating with us and others; ***(b)*** you will cause your officers, directors, members, managers, and employees (as a condition of their employment or position with you) to give their consent (in an electronic communication or in a pen-and-paper writing, as we may reasonably require) to Official Senders' transmission of electronic communication to those persons, and that such persons shall not opt-out, or otherwise ask to no longer receive electronic communication, from Official Senders during the time that such person works for or is affiliated with you; and ***(c)*** you will not opt-out, or otherwise ask to no longer receive electronic communications, from Official Senders during the term of this Agreement.

14.12.2 The consent given in this Section 14.12 shall not apply to the provision of notices by either party under this Agreement using e-mail unless the parties otherwise agree in a pen-and-paper writing signed by both parties.

14.12.3 We may permit or require you to use a specific e-mail address (that is, one that will contain a Top Level Domain Name that we designate, such as jane.smith@FatTuesday.com or "john.jones@FatTuesdayfranchisee.com) (the "**FatTuesday e-mail address**") in connection with the operation of the Franchised Business. You will be required to sign our current form of E-Mail Authorization Letter and Extranet Agreement, appended to this Agreement as Exhibits G and H, for this purpose. If we assign you a FatTuesday e-mail address, then you agree that you (and your employees) will use only that e-mail account for all official business associated with your Franchised Business.

15 INSURANCE

15.1 *Required Insurance Coverage*. Before starting any activities or operations under this Agreement, you agree to procure and maintain in full force and effect during the term of this Agreement (and for such period thereafter as is necessary to provide the coverages required under this Agreement for events having occurred during the Term of this Agreement), at your expense, the following insurance policy or policies in connection with the Franchised Business or other facilities on premises, or by reason of the construction, operation, or occupancy of the Franchised Business or other facilities on premises. Such policy or policies shall be written by an insurance company or companies we have approved, having at all times a rating of at least "A-" in the most recent Key Rating Guide published by the A.M. Best Company (or another rating that we reasonably designate if A.M. Best Company no longer publishes the Key Rating Guide) and licensed and admitted to do business in the state in which the Franchised Business is located, and shall include, at a minimum (except that we may reasonably specify additional coverages and higher policy limits for certain franchisees based on location from time to time in the Manual or otherwise in writing to reflect inflation, identification of new risks, changes in the law or standards of liability, higher damage awards and other relevant changes in circumstances), the following:

15.1.1 Comprehensive general liability insurance, written on an occurrence basis, extended to include contractual liability, products and completed operations, liquor liability, and personal and advertising injury, with a combined bodily injury and property damage limit of not less than Two Million Dollars ($2,000,000) in the aggregate and One Million Dollars ($1,000,000) per occurrence.

15.1.2 Statutory workers' compensation insurance and employer's liability insurance for a minimum limit of at least One Million Dollars ($1,000,000), as well as such other disability benefits type insurance as may be required by statute or rule of the state in which the Franchised Business is located. Such policy shall contain an "Alternate Employer Endorsement" including us as the "alternate employer."

15.1.3 Commercial umbrella liability insurance with limits which bring the total of all primary underlying coverages (including, without limitation, comprehensive general liability (including liquor liability) and workers' compensation to not less than Five Million Dollars ($5,000,000) total limit of liability per occurrence. Such

umbrella liability will provide at a minimum those coverages and endorsements required in the underlying policies described in this Section 15.1.

15.1.4 Food Borne Illness, Accidental & Malicious Contamination coverage, with minimum coverage of at least One Million Dollars ($1,000,000) unless similar coverage is contained in your comprehensive general liability insurance

15.1.5 Property insurance providing coverage for direct physical loss or damage to real and personal property for all-risk perils, including the perils of flood and earthquake depending upon location. Appropriate coverage shall also be provided for boiler and machinery exposures and business interruption/extra expense exposures. The policy or policies shall value property (real and personal) on a new replacement cost basis without deduction for depreciation and the amount of insurance shall not be less than ninety percent (90%) of the full replacement value of the Franchised Business, its furniture, fixtures, equipment, and stock (real and personal property). Any deductibles contained in such policy shall be subject to review and our approval.

15.1.6 Products liability insurance in an amount not less than Two Million Dollars ($2,000,000), which policy shall be considered primary unless similar coverage is contained in your comprehensive general liability insurance.

15.1.7 Business interruption insurance to cover at least your obligations with respect to leases, royalties, marketing fund obligations, fixed costs, and other recurring expenses for a period of not less than six (6) months following an interruption to the Franchised Business' operation.

15.1.8 Automobile liability insurance, including coverage of vehicles not owned by you, but used by employees in connection with the Franchised Business, with a combination of primary and excess limits of not less than One Million Dollars ($1,000,000).

15.2 *Endorsements*. All policies listed in Section 15.1 above (unless otherwise noted below) shall contain such endorsements as shall, from time to time, be provided in the Manual. All policies shall waive subrogation as between us (and our insurance carriers) and you (and your insurance carriers).

15.3 *Notices to us*. In the event of cancellation, material change, or non-renewal of any policy, sixty (60) days' advance written notice must be provided to us in the manner provided in Section 24 below.

15.4 *Construction Coverages*. In connection with all significant construction, reconstruction, or remodeling of the Franchised Business during the term of this Agreement, you must require the general contractor, its subcontractors, and any other contractor, to effect and maintain at general contractor's and all other contractor's own expense, such insurance policies and bonds with such endorsements as are set forth in the Manual, all written by insurance or bonding companies that we have approved, having a rating as set forth in Section 15.1 above.

15.5 *Other Insurance Does Not Impact your Obligation*. Your obligation to obtain and maintain the foregoing policy or policies in the amounts specified shall not be limited in any way by reason of any insurance that we may maintain, nor shall your performance of that obligation relieve you of liability under the indemnity provisions set forth in Section 21.4 below. Additionally, the requirements of this Section 15 shall not be reduced, diminished, eroded, or otherwise affected by insurance that you carry (and/or claims made under that insurance) for other businesses, including, but not limited to, other Locations operated by you (and/or your affiliates) under the System.

15.6 *Additional Named Insured*. All public liability and property damage policies shall list us as an additional named insured, and shall also contain a provision that we, although named as an insured, shall nevertheless be entitled to recover under said policies on any loss occasioned to us or our servants, agents, or employees by reason of the negligence of you or your servants, agents, or employees.

15.7 *Certificates of Insurance*. At least thirty (30) days before the time you are first required to carry any insurance under this Agreement, and from then on, at least thirty (30) days before the expiration of any such policy, you agree to deliver to us certificates of insurance evidencing the proper coverage with limits not less than those required under this Agreement. All certificates shall expressly provide that we will receive at least thirty (30) days' prior written notice if there is a material alteration to, cancellation, or non-renewal of the coverages evidenced by such certificates. Additional certificates evidencing the insurance required by Section 15.1 above must name us, and each of our affiliates, directors, agents, and employees, as additional insured parties, and shall expressly provide that any interest of same therein shall not be affected by any breach by you of any policy provisions for which such certificates evidence coverage.

15.8 *Proof of Coverage*. In addition to your obligations under Section 15.7 above, on the first anniversary of the Effective Date, and on each subsequent anniversary of the Effective Date, you agree to provide us with proof of insurance evidencing the proper coverage with limits not less than those required under this Agreement, in such form as we may reasonably require.

15.9 *Changes*. We will have the right, from time to time, to make such changes in minimum policy limits and endorsements as we may determine are necessary or appropriate; provided, however, all changes shall apply to all of our franchisees who are similarly situated.

16 TRANSFER OF INTEREST

16.1 *By Us*. We will have the right to transfer or assign this Agreement and all or any part of our rights or obligations under this Agreement to any person or legal entity, and any assignee of us, which assignee will become solely responsible for all of our obligations under this Agreement from the date of assignment.

16.2 *Your Principals*. If you are an entity, then each party that directly or indirectly holds any interest whatsoever in you (each, a "**Principal**"), and the interest that each Principal directly or indirectly holds in you, is identified in Exhibit C to this Agreement. You represent and warrant to us that your owners are accurately set forth on Exhibit C to this Agreement, and you also agree not to permit the identity of those owners, or their respective interests in

you, to change without complying with this Agreement. We will have the right to designate any person or entity which owns a direct or indirect interest in you as a Principal, and Exhibit C shall be so amended automatically upon written notice thereof to you.

16.3 *Principals*. We will have a continuing right to designate as a Principal any party that owns a direct or indirect interest in you.

16.4 *By You*. You understand and acknowledge that the rights and duties set forth in this Agreement are personal to you, and that we have granted this franchise in reliance on your (or your Principals') business skill, financial capacity, and personal character. Accordingly:

16.4.1 Without our prior written consent, neither you (nor any successor to any part of your interest in this Agreement) nor any Principal, nor any other party that directly or indirectly owns any interest in this Agreement, in you, and/or in the Franchised Business, may sell, assign, transfer, convey, pledge, encumber, merge, create a security interest in, and/or give away (collectively, "**transfer**") any direct or indirect interest in: ***(a)*** this Agreement; ***(b)*** you; ***(c)*** any or all of your rights or obligations under this Agreement; and/or ***(d)*** all or substantially all of the assets of the Franchised Business. Any purported assignment or transfer not having our prior written consent as required by this Section 16 shall be null and void and shall also constitute a material breach of this Agreement, for which we may immediately terminate this Agreement without opportunity to cure, pursuant to Section 17.2.5 below.

16.4.2 If you are an entity (other than a partnership or a limited liability partnership), then you agree that: ***(a)*** without our prior written approval, you will not issue any voting securities or interests, or securities or interests convertible into voting securities; and ***(b)*** the recipient of any such securities shall become a Principal under this Agreement, if we designate them as such.

16.4.3 If you are a partnership or limited liability partnership, then the partners of that partnership shall not, without our prior written consent, admit additional general partners, remove a general partner, or otherwise materially alter the powers of any general partner. Each general partner in such a partnership shall automatically be deemed to be a Principal.

16.4.4 Principals shall not, without our prior written consent, transfer, pledge or otherwise encumber their interest in you.

16.5 *Transfer Conditions*. We will not unreasonably withhold any consent required by Section 16.4 above; provided, that if you propose to transfer your obligations under this Agreement or any material asset, or if any party proposes to transfer any direct or indirect interest in you, then we will have the right to require that you satisfy any or all of the following conditions before we grant our approval to the proposed transfer:

16.5.1 The transferor must have executed a general release, in a form satisfactory to us, of any and all claims against us and our affiliates, successors, and assigns, and their respective directors, officers, shareholders, partners, agents, representatives, servants, and employees in their corporate and individual capacities including, without limitation, claims arising under this Agreement, any other agreement

between you and us, and/or our respective affiliates, and federal, state, and local laws and rules.

16.5.2 The transferee of a Principal shall be designated as a Principal and each transferee who is designated a Principal shall enter into a written agreement, in a form satisfactory to us, agreeing to be bound as a Principal under the terms of this Agreement as long as such person or entity owns any interest in you; and, if your obligations were guaranteed by the transferor, the Principal shall guarantee the performance of all such obligations in writing in a form satisfactory to us

16.5.3 The proposed new Principals (after the transfer) must meet our educational, managerial, and business standards; each shall possess a good moral character, business reputation, and credit rating; have the aptitude and ability to operate the Franchised Business, as may be evidenced by prior related business experience or otherwise; and have adequate financial resources and capital to operate the Franchised Business.

16.5.4 We will have the right to require that you execute, for a term ending on the expiration date of this Agreement, the form of franchise agreement that we are then offering to new System franchisees, and such other ancillary agreements that we may require for the business franchised under this Agreement, and those agreements shall supersede this Agreement and its ancillary documents in all respects, and the terms of which may differ from the terms of this Agreement including, without limitation, a higher royalty and marketing fee.

16.5.5 If we so request, then you, at your expense, must conduct Facilities Remodeling to conform to the then-current standards and specifications of new Locations then-being established in the System, and you must complete the upgrading and other requirements specified above in Section 8.6 within the time period that we specify.

16.5.6 You must pay in full all of your monetary obligations to us and our affiliates, whether under this Agreement or otherwise, and you must not be otherwise in default of any of your obligations under this Agreement (including your reporting obligations).

16.5.7 The transferor shall remain liable for all of the obligations to us in connection with the Franchised Business that arose before the effective date of the transfer, and any covenants that survive the termination or expiration of this Agreement, and shall execute any and all instruments that we reasonably request to evidence such liability.

16.5.8 A Principal of the transferee whom we designate to be a new Operating Partner, and those of the transferee's Certified Managers as we may require, shall successfully complete (to our satisfaction) all training programs that we require upon such terms and conditions as we may reasonably require (and while we will not charge a fee for attendance at such training programs, the transferee shall be responsible for the salary and all expenses of the person(s) that attend training).

16.5.9 You agree to pay us a transfer fee to compensate us for our legal, accounting, training, and other expenses incurred in connection with the transfer in the amount fifty percent (50%) of our then-current initial franchise fee; however:

16.5.9.1 If you and one or more affiliates are transferring more than one franchise agreement to the same buyer, as part of the same transaction, then our transfer fee for all such transfers will be capped at $50,000 or our reasonable out-of-pocket costs, if they are higher.

16.5.9.2 If the transferee is a spouse, son, or daughter of the transferor and the transfer is for estate-planning purposes, we will not require the payment of a transfer fee, but the transferor must reimburse us for our out-of-pocket expenses (including attorneys' fees) we incur in connection with reviewing and approving the transfer.

16.5.9.3 If the transferee is upon death or incapacity as provided in Section 16.7 below, then we will not require the payment of a transfer fee, but the transferor must reimburse us for our out-of-pocket expenses (including attorneys' fees) we incur in connection with reviewing and approving the transfer.

16.5.10 The transferor must acknowledge and agree that the transferor shall remain bound by the covenants contained in Sections 19.3 – 19.5 below.

16.6 *Right of First Refusal*. If you or any of your Principals wish to accept any *bona fide* offer from a third party to purchase you, any of your material assets, or any direct or indirect interest in you, then all of the following shall apply:

16.6.1 You (or the Principal who proposes to sell his/her interest) shall promptly notify us in writing of the offer and provide to us the information and documentation relating to the offer that we may require. We will have the right and option, exercisable within thirty (30) days after we have received all such information that we have requested, to send written notice to the seller that we intend to purchase the seller's interest on the same economic terms and conditions offered by the third party. After exercising our right, we will also have the right to conduct additional reasonable due diligence and to require the seller to enter into a purchase agreement in a form mutually acceptable to us and to the seller. If we elect to purchase the seller's interest, then the closing on such purchase shall occur within thirty (30) days from the date of notice to the seller of the election to purchase by us.

16.6.2 Any material change in the terms of the offer before closing shall constitute a new offer subject to our same rights of first refusal (as set forth in this Section 16.6) as in the case of the third party's initial offer. If we do not exercise the option afforded by this Section 16.6, that shall not constitute a waiver of any other provision of this Agreement, including all of the requirements of this Section 16, with respect to a proposed transfer.

16.6.3 If the consideration, terms, and/or conditions offered by a third party are such that we may not reasonably be required to furnish the same consideration, terms, and/or conditions, then we may purchase the interest proposed to be sold for the reasonable equivalent in cash. If the parties cannot agree within a reasonable time on the reasonable equivalent in cash of the consideration, terms, and/or conditions offered by the third party, they must attempt to appoint a mutually-acceptable independent appraiser to make a binding determination. If the parties are unable

to agree upon one independent appraiser, then we shall promptly designate an independent appraiser and you shall promptly designate another independent appraiser and those two appraisers shall, in turn, promptly designate a third appraiser; and all three appraisers shall promptly confer and reach a single determination, which determination shall be binding upon both you and us. The cost of any such appraisal shall be shared equally by both parties.

16.6.4 If we exercise our rights under this Section 16.6, then we will have the right to set off all amounts due from you, including one-half (½) of the cost of the appraisal, if any, specified above in Section 16.6.3 against any payment to you.

16.7 *Death or Incapacity*. If you or any Principal dies, becomes incapacitated, or enters bankruptcy proceedings, that person's executor, administrator, personal representative, or trustee must promptly notify us of the circumstances, and apply to us in writing within three (3) months after the event (death, declaration of incapacity, or filing of a bankruptcy petition) for consent to transfer the person's interest. The transfer will be subject to the provisions of this Section 16, as applicable; however, we will not impose a transfer fee for such a transfer, so long as you reimburse us for any out-of-pocket expenses that we incur in reviewing and/or documenting a transfer under this Section 16.7).

16.7.1 In addition, if the deceased or incapacitated person is the Operating Partner, we will have the right (but not the obligation) to take over operation of the Franchised Business until the transfer is completed and to charge a reasonable management fee for our services.

16.7.2 For purposes of this section, "**incapacity**" means any physical or mental infirmity that will prevent the person from performing his or her obligations under this Agreement: ***(a)*** for a period of thirty (30) or more consecutive days; or ***(b)*** for sixty (60) or more total days during a calendar year. In the case of transfer by bequest or by intestate succession, if the heirs or beneficiaries are unable to meet the conditions of Section 16.3, the executor may transfer the decedent's interest to another successor that we have approved, subject to all of the terms and conditions for transfers contained in this Agreement.

16.7.3 If an interest is not disposed of under this section within six (6) months after the date of death or appointment of a personal representative or trustee, we may terminate this Agreement under Section 17.2 below.

16.8 *Consent to Transfer*. Our consent to a transfer that is the subject of this Section 16 shall not constitute a waiver of any claims that we may have against the transferring party, nor shall it be deemed a waiver of our right to demand exact compliance with any of the terms of this Agreement by the transferor or transferee.

16.9 *No Transfers to a Non-Franchisee Party to Operate a Similar Business*. You agree that neither you nor any Principal of yours will transfer or attempt to transfer any or all of your Franchised Business to a third party who will operate a similar business at the Approved Location but not under the System and the Proprietary Marks, and not under a franchise agreement with us.

16.10 *Bankruptcy Issues*. If you or any person holding any interest (direct or indirect) in you become a debtor in a proceeding under the U.S. Bankruptcy Code or any similar law in

the U.S. or elsewhere, it is the parties' understanding and agreement that any transfer of you, your obligations, and/or rights under this Agreement, any material assets of yours, and/or any indirect or direct interest in you will be subject to all of the terms of this Section 16, including without limitation the terms of Sections 16.4, 16.5, and 16.6 above.

16.11 *Securities Offers*. All materials for an offering of stock, ownership, and/or partnership interests in you or any of your affiliates that are required by federal or state law must be submitted to us for review as described below before such materials are filed with any government agency. Any materials to be used in any exempt offering must be submitted to us for such review before their use.

16.11.1 You agree that: (***a***) no offering by you or any of your affiliates may imply (by use of the Proprietary Marks or otherwise) that we are participating in an underwriting, issuance, or offering of your securities or your affiliates; (***b***) our review of any offering will be limited solely to the relationship between you and us (and, if applicable, any of your affiliates and us); and (***c***) we will have the right, but not obligation, to require that the offering materials contain a written statement that we require concerning the limitations stated above.

16.11.2 You (and the offeror if you are not the offering party), your Principals, and all other participants in the offering must fully indemnify us and all of the NOLA Parties (as defined in Section 21.5.2 below) in connection with the offering.

16.11.3 For each proposed offering, you agree to pay us a non-refundable fee of Ten Thousand Dollars ($10,000) or such greater amount as is necessary to reimburse us for our reasonable costs and expenses (including legal and accounting fees) for reviewing the proposed offering.

16.11.4 You agree to give us written notice at least thirty (30) days before the date that any offering or other transaction described in this Section 16.11 commences. Any such offering will be subject to all of the other provisions of this Section 16, including without limitation the terms set forth in Sections 16.4, 16.5, 16.6; and further, without limiting the foregoing, it is agreed that any such offering will be subject to our approval as to the structure and voting control of the offeror (and you, if you are not the offeror) after the financing is completed.

16.11.5 You must also, for the remainder of the term of the Agreement, submit to us for our review and prior written approval all additional securities document you are required to prepare and file (or use) in connection with any offering of stock, ownership, and/or partnership interests. You must reimburse us for our reasonable costs and expenses we incur in connection with our review of those materials.

17 DEFAULT AND TERMINATION

17.1 *Automatic*. If any one or more of the following events take place, then you will be deemed to be in default under this Agreement, and all rights granted in this Agreement shall automatically terminate without notice to you: ***(a)*** if you will become insolvent or makes a general assignment for the benefit of creditors; ***(b)*** if you file a petition in bankruptcy or such a petition is filed against and not opposed by you (to the extent permitted under the U.S. Bankruptcy Code); ***(c)*** if you are adjudicated bankrupt or insolvent (to the extent

permitted under the U.S. Bankruptcy Code); ***(d)*** if a bill in equity or other proceeding for the appointment of a receiver for you or another custodian for your business or assets is filed and consented to by you; ***(e)*** if a receiver or other custodian (permanent or temporary) of your assets or property, or any part thereof, is appointed by any court of competent jurisdiction; ***(f)*** if proceedings for a composition with creditors under any state or federal law is instituted by or against you; ***(g)*** if a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless unappealed or a supersedeas bond is filed); ***(h)*** if you are dissolved; or if execution is levied against your business or property; (***i***) if suit to foreclose any lien or mortgage against the Franchised Business premises or equipment is instituted against you and not dismissed within thirty (30) days; and/or ***(j)*** if the real or personal property of your Franchised Business shall be sold after levy thereupon by any sheriff, marshal, or constable.

17.2 *With Notice.* If any one or more of the following events take place, then you will be deemed to be in default under this Agreement, and we will have the right to terminate this Agreement and all rights granted under this Agreement, without affording you any opportunity to cure the default, effective immediately upon the delivery of our written notice to you (in the manner set forth under Section 24 below):

17.2.1 If you fail to construct and open the Franchised Business within the time limits provided in Sections 5.1 and 8.2 above, and within the requirements stated in Sections 5 and 8.2 above;

17.2.2 If you at any time cease to operate or otherwise abandon the Franchised Business for two (2) consecutive business days (during which you are otherwise required to be open, and without our prior written consent to do so), or lose the right to possession of the premises, or otherwise forfeit the right to do or transact business in the jurisdiction where the Franchised Business is located (however, if through no fault of yours, the premises are damaged or destroyed by an event such that you cannot complete repairs or reconstruction within ninety (90) days thereafter, then you will have thirty (30) days after such event in which to apply for our approval to relocate and/or reconstruct the premises, which approval we shall not unreasonably withhold);

17.2.3 If you or any of your Principals are convicted of a felony, a crime involving moral turpitude, or any other crime or offense that we believe is reasonably likely to have an adverse effect on the System, the Proprietary Marks, the goodwill associated therewith, or our interest therein;

17.2.4 If a threat or danger to public health or safety results from the construction, maintenance, or operation of the Franchised Business;

17.2.5 If you or any of your Principals purport to transfer any rights or obligations under this Agreement or any interest to any third party in a manner that is contrary to the terms of Section 16 above;

17.2.6 If you fail to comply with the requirements of Section 19 below;

17.2.7 If, contrary to the terms of Sections 10 or 11 above, you disclose or divulge the contents of the Manual or other confidential information that we provide to you;

17.2.8 If an approved transfer of an interest in you is not completed within a reasonable time, as required by Sections 16.7 above;

17.2.9 If you knowingly maintain false books or records, or submit any false reports (including, but not limited to, information provided as part of your application for this franchise) to us;

17.2.10 If you commit three (3) or more defaults under this Agreement in any fifty-two (52) week period, whether or not each such default has been cured after notice;

17.2.11 If you sell products that we have not previously approved, or purchase any product from a supplier that we have not previously approved, or if you sell any Proprietary Items anywhere other than from the Location (except as permitted under Section 1.5 above) or sell any Proprietary Items that are not authorized for sale at retail;

17.2.12 If you engage in any conduct or practice that is fraudulent, unfair, unethical, or a deceptive practice

17.2.13 If you engage in delivery and/or catering services from the Franchised Business without having first obtained our prior written consent; and/or

17.2.14 If you make any unauthorized or improper use of the Proprietary Marks, or if you or any of your Principals use the Proprietary Marks in a manner that we do not permit (whether under this Agreement and/or otherwise) or that is inconsistent with our direction, or if you or any of your Principals directly or indirectly contest the validity of our ownership of the Proprietary Marks, our right to use and to license others to use the Proprietary Marks, or seek to (or actually do) register any of our Proprietary Marks with any agency (public or private) for any purpose without our prior written consent to do so.

17.3 *With Notice and Opportunity to Cure*.

17.3.1 Except as otherwise provided above in Sections 17.1 and 17.2 above, if you are in default of your obligations under this Agreement, we may only terminate this Agreement by giving you written notice of termination (in the manner set forth under Section 24 below) stating the nature of the default at least thirty (30) days before the effective date of termination; provided, however, that you may avoid termination by immediately initiating a remedy to cure such default, curing it to our satisfaction, and by promptly providing proof of the cure to us, all within the thirty (30) day period. If any such default is not cured within the specified time (or such longer period as law may require), then this Agreement shall terminate without further notice to you effective immediately upon the expiration of the thirty (30) day period or such longer period as may be required.

17.3.2 If you are in default under the terms of any other franchise agreement or other contract between you (and/or your affiliates) and us (and/or our affiliates), that will also constitute a default under Section 17.3.1 above.

17.4 *Bankruptcy*. If, for any reason, this Agreement is not terminated pursuant to this Section 17, and the Agreement is assumed, or assignment of the same to any person or entity who has made a *bona fide* offer to accept an assignment of the Agreement is

contemplated, pursuant to the U.S. Bankruptcy Code, then notice of such proposed assignment or assumption, setting forth: ***(i)*** the name and address of the proposed assignee; and ***(ii)*** all of the terms and conditions of the proposed assignment and assumption; shall be given to us within twenty (20) days after receipt of such proposed assignee's offer to accept assignment of the Agreement; and, in any event, within ten (10) days before the date application is made to a court of competent jurisdiction for authority and approval to enter into such assignment and assumption. We will thereupon have the prior right and option, to be exercised by notice given at any time before the effective date of such proposed assignment and assumption, to accept an assignment of the Agreement to us upon the same terms and conditions, and for the same consideration, if any, as in the *bona fide* offer made by the proposed assignee, less any brokerage commissions which may be payable by you out of the consideration to be paid by such assignee for the assignment of the Agreement.

17.5 *Our Rights Instead of Termination*. If we are entitled to terminate this Agreement in accordance with Sections 17.2 or 17.3 above, we will also have the right to take any lesser action instead of terminating this Agreement, including terminating, modifying, or eliminating completely, the Protected Territory described in Section 1.3 above.

17.6 *Reservation of Rights under Section 17.5*. If any rights, options, arrangements, or areas are terminated or modified in accordance with Section 17.5 above, such action shall be without prejudice to our right to terminate this Agreement in accordance with Sections 17.2 or 17.3 above, and/or to terminate any other rights, options or arrangements under this Agreement at any time thereafter for the same default or as a result of any additional defaults of the terms of this Agreement.

17.7 *Damages*. You will pay us all damages, costs, and expenses (including reasonable attorneys' fees, court costs, discovery costs, and all other related expenses), that we incur as a result of any default by you under this Agreement and any other agreement between the parties (and their respective affiliates) (in addition to other remedies that we may have).

18 OBLIGATIONS UPON TERMINATION OR EXPIRATION

Upon termination or expiration of this Agreement, all rights granted under this Agreement to you shall forthwith terminate, and:

18.1 *Cease Operation*. You agree to: ***(a)*** immediately stop operating the Franchised Business; and ***(b)*** never directly or indirectly represent to the public that you are a present or former franchisee of ours.

18.2 *Stop Using Marks and Intellectual Property*. You agree to immediately and permanently cease to use, in any manner whatsoever, any confidential methods, procedures and techniques associated with the System, the mark "Fat Tuesday" and any and all other Proprietary Marks, distinctive forms, slogans, signs, symbols, and devices associated with the System, and any and all other intellectual property associated with the System. Without limiting the foregoing, you agree to stop making any further use of any and all signs, marketing materials, displays, stationery, forms, and any other articles that display the Proprietary Marks.

18.3 *Cancel Assumed Names*. You agree to take such action as may be necessary to cancel any assumed name or equivalent registration which contains the mark "Fat Tuesday" and any and all other Proprietary Marks, and/or any other service mark or trademark of ours, and you will give us evidence that we deem satisfactory to provide that you have complied with this obligation within five (5) days after termination or expiration of this Agreement.

18.4 *Premises*. We will have the right (but not the obligation) to require you to assign to us any interest that you (and/or your affiliates) may have in the lease or sublease for the ground upon which the Location is operated and/or for the building in which the Location is operated.

18.4.1 If we do not elect or if we are unable to exercise any option we may have to acquire the lease or sublease for the premises of the Franchised Business, or otherwise acquire the right to occupy the premises, you will make such modifications or alterations to the premises operated under this Agreement (including, without limitation, the changing of the telephone number) immediately upon termination or expiration of this Agreement as may be necessary to distinguish the appearance of said premises from that of other Locations, and shall make such specific additional changes thereto as we may reasonably request for that purpose. In addition, you will cease use of all telephone numbers and any domain names, websites, e-mail addresses, and any other print and online identifiers, whether or not authorized by us, that you have while operating the Franchised Business, and shall promptly execute such documents or take such steps necessary to remove reference to the Franchised Business from all trade or business directories, including online directories, or at our request transfer same to us.

18.4.2 If you fail or refuse to comply with all of the requirements of this Section 18.4, then we (or our designee) shall have the right to enter upon the premises of the Franchised Business, without being guilty of trespass or any other tort, for the purpose of making or causing to be made such changes as may be required, at your cost, which expense you agree to pay upon demand.

18.5 *Our Option to Buy Your Assets*. We will have the right (but not the obligation), which we may exercise at any time within thirty (30) days after expiration, termination, or default under this Agreement and/or default under your lease/sublease for the premises, to buy from you (and/or your affiliates) any or all of your furnishings, equipment, signs, fixtures, supplies, or inventory related to the operation of the Franchised Business, at the lesser of your cost or fair market value. The parties agree that "cost" shall be determined based upon a five (5) year straight-line depreciation of original costs. For equipment and fixtures that are five (5) or more years old, the parties agree that fair market value shall be deemed to be ten percent (10%) of the equipment's original cost. If we elect to exercise any option to purchase provided in this Section, we shall have the right to set off all amounts due from you.

18.6 *No Use of the Marks in Other Businesses*. You agree, if you continue to operate or subsequently begin to operate any other business, not to use any reproduction, counterfeit copy, or colorable imitation of the Proprietary Marks, either in connection with such other business or the promotion thereof, which is likely to cause confusion, mistake, or deception, or which is likely to dilute our rights in and to the Proprietary Marks. You further agree not to use, in any manner whatsoever, any designation of origin, description,

trademark, service mark, or representation that suggests or implies a past or present association or connection with us, the System, the Products, and/or the Proprietary Marks.

18.7 *Pay All Sums Due*. You agree to promptly pay all sums owing to us and our affiliates (regardless whether those obligations arise under this Agreement or otherwise). In the event of termination for any of your defaults, those sums shall include all damages, costs, and expenses (including without limitation reasonable attorneys' fees, court costs, discovery costs, and all other related expenses), that we incur as a result of the default.

18.8 *Pay Damages*. You agree to pay us all damages, costs, and expenses (including without limitation reasonable attorneys' fees, court costs, discovery costs, and all other related expenses) that we incur as a result of your default under this Agreement and/or subsequent to the termination or expiration of this Agreement in obtaining injunctive or other relief for the enforcement of any provisions of this Section 18.

18.9 *Return Confidential Information*. You agree to immediately return to us the Manual and all other manuals, records, and instructions containing confidential information (including, without limitation, any copies thereof, even if such copies were made in violation of this Agreement), all of which are acknowledged to be our property.

18.10 *Right to Enter and Continue Operations*. In order to preserve the goodwill of the System following termination, we (or our designee) shall have the right to enter the Franchised Business (without liability to you, your Principals, or otherwise) for the purpose continuing the Franchised Business's operation and maintaining the goodwill of the business.

18.11 *Lost Future Royalties*. If we terminate this Agreement based on your default, or if you abandon or otherwise cease to operate the Franchised Business, you agree to pay to us, as liquidated damages, an amount calculated as follows: ***(a)*** the average of your monthly Royalty Fees that are due under this Agreement for the twelve (12) months immediately before your abandonment or our delivery of the notice of default (or, if you have been operating for less than 12 months, the average of your monthly Royalty Fees for the number of months you have operated the Location); ***(b)*** multiplied by the lesser of 36 or the number of months remaining in the then-current term of this Agreement under Section 2.

18.12 *Our Rights.* You agree not to do anything that would potentially interfere with or impede the exercise of our rights under this Section 18.

19 COVENANTS

19.1 *Full Time Efforts*. You agree that during the term of this Agreement, except as we have otherwise approved in writing, you (or the Operating Partner) shall devote full time, energy, and best efforts to the management and operation of the Franchised Business.

19.2 *Understandings*.

19.2.1 You acknowledge and agree that: ***(a)*** pursuant to this Agreement, you will have access to valuable trade secrets, specialized training and Confidential Information from us and our affiliates regarding the development, operation, management, purchasing, sales and marketing methods and techniques of the System; ***(b)*** the

System and the opportunities, associations and experience we have established and that you will have access to under this Agreement are of substantial and material value; ***(c)*** in developing the System, we and our affiliates have made and continue to make substantial investments of time, technical and commercial research, and money; ***(d)*** we would be unable to adequately protect the System and its trade secrets and Confidential Information against unauthorized use or disclosure and would be unable to adequately encourage a free exchange of ideas and information among franchisees in our system if franchisees were permitted to hold interests in Competitive Businesses (as defined below); and ***(e)*** restrictions on your right to hold interests in, or perform services for, Competitive Businesses will not unreasonably or unnecessarily hinder your activities.

19.2.2 As used in this Section 19, the term "**Competitive Business**" is agreed to mean a retail business that: ***(a)*** is the same as or otherwise similar to a Location; ***(b)*** sells or offers daiquiris and/or other frozen or alcoholic and non-alcoholic beverages that separately or in the aggregate constitute (or would constitute) ten percent (10%) or more of that business' gross revenues at any one or more retail location(s); and/or ***(c)*** features four (4) or more frozen drink machines.

19.3 *Covenant Not to Compete or Engage in Injurious Conduct.* Accordingly, you covenant and agree that, during the term of this Agreement and for a continuous period of two (2) years after the expiration or termination of this Agreement, and/or a transfer as contemplated in Section 16 above, you shall not directly, indirectly, for yourself, or through, on behalf of, or in conjunction with any party, in any manner whatsoever, do any of the following:

19.3.1 Divert or attempt to divert any actual or potential business or customer of any Fat Tuesday Location to any competitor or otherwise take any action injurious or prejudicial to the goodwill associated with the Marks and the System.

19.3.2 Own, maintain, develop, operate, engage in, franchise or license, make loans to, lease real or personal property to, and/or have any whatsoever interest in, or render services or give advice to, any Competitive Business.

19.4 *Where Restrictions Apply*. During the term of this Agreement, there is no geographical limitation on the restrictions set forth in Section 19.3 above. During the two-year period following the expiration or earlier termination of this Agreement, or a transfer as contemplated under Section 16 above, these restrictions shall apply only within the Protected Territory and also within ten (10) miles of any then-existing Fat Tuesday Location, except as we may otherwise approve in writing. These restrictions shall not apply to restaurants that you operate that we (or our affiliates) have franchised to you pursuant to a valid franchise agreement.

19.5 *Application to Transfers*. You further covenant and agree that, for a continuous period of two (2) years after the expiration or termination of this Agreement, and/or a transfer as contemplated in Section 16 above, you will not, either directly or indirectly, for yourself, or through, on behalf of, or in conjunction with any person, firm, partnership, corporation, or other entity, sell, assign, lease or transfer the Approved Location to any person, firm, partnership, corporation, or other entity that you know, or have reason to know, intends to operate a Competitive Business at the Approved Location. You, by the terms of any conveyance selling, assigning, leasing or transferring your interest in the Approved

Location, shall include these restrictive covenants as are necessary to ensure that a Competitive Business that would violate this Section is not operated at the Approved Location for this two-year period, and you shall take all steps necessary to ensure that these restrictive covenants become a matter of public record.

19.6 *Periods of Non-Compliance*. If, at any time during the two-year period following expiration or termination of this Agreement, and/or a transfer as contemplated in Section 16 above, you fail to comply with your obligations under this Section 19, then that period of noncompliance will not be credited toward your satisfaction of the two-year obligation specified above.

19.7 *Publicly-Held Entities*. Section 19.3.3 above shall not apply to your ownership of less than five percent (5%) beneficial interest in the outstanding equity securities of any publicly-held corporation. As used in this Agreement, the term "publicly-held corporation" shall be deemed to refer to a corporation which has securities that have been registered under the Securities Exchange Act of 1934.

19.8 *Personal Covenants*. You agree to require and obtain execution of covenants similar to those set forth in Sections 9.3, 11, 16, 18 above, and this Section 19 (as modified to apply to an individual), from your Certified Managers and other employees, supervisors, and Principals. The covenants required by this section shall be in the form provided in Exhibit F to this Agreement. If you do not obtain execution of a covenant required by this section and deliver to us those signed covenants, that shall constitute a default under Section 17.2.6 above.

19.9 *Construction*. The parties agree that each of the foregoing covenants will be construed as independent of any other covenant or provision of this Agreement. We have the right to reduce in writing the scope of any part of this Section 19 and, if we do so, you agree to comply with the obligations as we have reduced them.

19.10 *Claims Not a Defense*. You agree that the existence of any claims you may have against us, whether or not arising from this Agreement, shall not constitute a defense to our enforcement of the covenants in this Section 19. You agree to pay all costs and expenses (including without limitation reasonable attorneys' fees, court costs, discovery costs, and all other related expenses) that we incur in connection with the enforcement of this Section 19.

19.11 *Covenant as to Anti-Terrorism Laws*. You and the owners of your business ("**Owners**") agree to comply with and/or to assist us to the fullest extent possible in our efforts to comply with Anti-Terrorism Laws (as defined below). In connection with such compliance, you and the Owners certify, represent, and warrant that none of their respective property or interests are "blocked" under any of the Anti-Terrorism Laws and that neither you nor any of the Owners are in violation of any of the Anti-Terrorism Laws. You also agree not to knowingly hire or do business with (or continue to employ or do business with) any party who is blocked under any of the Anti-Terrorism Laws. The term "**Anti-Terrorism Laws**" means Executive Order 13224 issued by the President of the United States, as supplemented, the USA PATRIOT Act, and all other laws and regulations addressing or in any way relating to terrorist acts and/or acts of war.

19.12 *Defaults*. You acknowledge that your violation of the terms of this Section 19 would result in irreparable injury to us for which no adequate remedy at law may be available, and you

accordingly consent to the issuance of an injunction prohibiting any conduct in violation of the terms of this Section 19.

20 TAXES, PERMITS, AND INDEBTEDNESS

20.1 *Payment of Taxes*. You agree to promptly pay when due all taxes levied or assessed, including, without limitation, unemployment and sales taxes, and all accounts and other indebtedness of every kind that you incur in the conduct of the business franchised under this Agreement. You agree to pay us an amount equal to any sales tax, gross receipts tax, or similar tax (other than income tax) imposed on us with respect to any payments that you make to us as required under this Agreement, unless the tax is credited against income tax that we otherwise pay to a state or federal authority.

20.2 *Payment of Trade Creditors*. You agree to promptly pay when due all trade creditors and vendors (including any that are affiliated with us) that supply goods or services to you and/or the Franchised Business.

20.3 *Your Right to Contest Liabilities*. If there is a bona fide dispute as to your liability for taxes assessed or other indebtedness, you may contest the validity or the amount of the tax or indebtedness in accordance with procedures of the taxing authority or applicable law; however, in no event will you permit a tax sale or seizure by levy of execution or similar writ or warrant, or attachment by a creditor, to occur against the premises of the Franchised Business, or any improvements thereon.

20.4 *Compliance with Law*. You agree to comply with all applicable law (as well as standards for safe and responsible service of Products), and you also agree to timely obtain any and all permits, certificates, or licenses necessary for the full and proper conduct of the business franchised under this Agreement (including licenses to do business, health certificates, liquor licenses, alcohol service, food handler's permits, fictitious name registrations, sales tax permits, and fire clearances). To the extent that the requirements of any such laws are in conflict with the terms of this Agreement, the Manual, or our other instructions, you agree to: ***(a)*** comply with said laws; ***(b)*** immediately provide us with written notice describing the nature of the conflict; and ***(c)*** cooperate with us and our counsel in developing a way to comply with the terms of this Agreement, as well as applicable law, to the extent that it is possible to do so.

20.5 *Notice of Violations and Actions*. You agree to notify us in writing within five (5) days after you receive notice of any health or safety violation, the commencement of any action, suit, or proceeding, and of the issuance of any order, writ, injunction, award, or decree of any court, agency, or other governmental instrumentality, or within five (5) days occurrence of any accident or injury which may adversely affect the operation of the Franchised Business or your financial condition, or give rise to liability or a claim against either party to this Agreement.

21 INDEPENDENT CONTRACTOR AND INDEMNIFICATION

21.1 *Independent Contractor Relationship.* The parties acknowledge and agree that:

21.1.1 this Agreement does not create a fiduciary relationship between them;

21.1.2 that you will be an independent contractor;

21.1.3 you are the only party that is in day-to-day control of your franchised business, even though we will share the brand and Proprietary Marks as specified in this Agreement, and neither this Agreement nor any of the systems, guidance, processes, or requirements under which you operate alter that basic fact;

21.1.4 nothing in this Agreement is intended to make either party an agent, legal representative, subsidiary, joint venturer, partner, employee, or servant of the other for any purpose whatsoever; and

21.1.5 neither this Agreement nor our course of conduct is intended, nor may anything in this Agreement (nor our course of conduct) be construed, to state or imply that we are the employer of your employees and/or independent contractors, nor vice versa.

21.2 *Notice of Status*. At all times during the term of this Agreement and any extensions hereof, you will hold yourself out to the public as an independent contractor operating the business pursuant to a franchise from us. You agree to take such action as may be necessary to do so, including, without limitation, exhibiting a notice of that fact in a conspicuous place at the Approved Location, the content of which we reserve the right to specify.

21.3 *No Contracts in our Name*. It is understood and agreed that nothing in this Agreement authorizes you to make any contract, agreement, warranty, or representation on our behalf, or to incur any debt or other obligation in our name; and that we will in no event assume liability for, or be deemed liable under this Agreement as a result of, any such action; nor shall we be liable by reason of any act or omission in your conduct of the Franchised Business or for any claim or judgment arising therefrom against either party to this Agreement.

21.4 *Indemnification*. You agree to indemnify and hold each of the NOLA Parties harmless against any and all Damages arising directly or indirectly from any Asserted Claim as well as from your breach of this Agreement. Your indemnity obligations shall survive the expiration or termination of this Agreement, and shall not be affected by the presence of any applicable insurance policies and coverages that we may maintain.

21.5 *Definitions*. As used in Section 21.4 above, the parties agree that the following terms shall have the following meanings:

21.5.1 "**Asserted Claim**" means any allegation, claim or complaint that is the result of, or in connection with, your exercise of your rights and/or carrying out of your obligations under this Agreement (including, but not limited to, any claim associated with your operation of the Franchised Business or otherwise), or any default by you under this Agreement, notwithstanding any claim that any NOLA Party was or may have been negligent.

21.5.2 "**Damages**" means all claims, demands, causes of action, suits, damages, liabilities, fines, penalties, assessments, judgments, losses, and expenses (including without limitation expenses, costs and lawyers' fees incurred for any indemnified party's primary defense or for enforcement of its indemnification rights).

21.5.3 "**NOLA Party**" means each of us, our shareholders, parents, subsidiaries, and affiliates, and their respective officers, directors, employees, and agents.

22 FORCE MAJEURE

22.1 *Impact*. Neither party shall be responsible to the other for non-performance or delay in performance occasioned by causes beyond its control, including without limiting the generality of the foregoing: ***(a)*** acts of nature; ***(b)*** acts of war, terrorism, or insurrection; ***(c)*** strikes, lockouts, labor actions, boycotts, floods, fires, hurricanes, tornadoes, and/or other casualties; and/or ***(d)*** our inability (and that of our affiliates and/or suppliers) to manufacture, purchase, and/or cause delivery of any Products used in the operation of the Franchised Business.

22.2 *Transmittal of Funds*. The inability of either party to obtain and/or remit funds shall be considered within control of such party for the purpose of Section 22.1 above. If any such delay occurs, any applicable time period shall be automatically extended for a period equal to the time lost; provided, however, that the party affected makes reasonable efforts to correct the reason for such delay and gives to the other party prompt notice of any such delay; and further provided, however, that you will remain obligated to promptly pay all fees owing and due to us under this Agreement, without any such delay or extension.

23 APPROVALS AND WAIVERS

23.1 *Request for Approval*. Whenever this Agreement requires our prior approval or consent, agree to make a timely written request to us therefor, and such approval or consent must be obtained in writing.

23.2 *No Warranties or Guarantees*. You acknowledge and agree that we make no warranties or guarantees upon which you may rely, and that we assume no liability or obligation to you, by providing any waiver, approval, consent, or suggestion to you in connection with this Agreement, or by reason of any neglect, delay, or denial of any request therefor.

23.3 *No Waivers*. No delay, waiver, omission, or forbearance on our part to exercise any right, option, duty, or power arising out of any breach or default by you or any other franchisee under any of the terms, provisions, covenants, or conditions of this Agreement, and no custom or practice by the parties at variance with the terms of this Agreement, shall constitute our waiver of our right to enforce any such right, option, duty, or power as against you, or as to subsequent breach or default by you. If we accept late payments from you or any payments due, that shall not be deemed to be our waiver of any earlier or later breach by you of any terms, provisions, covenants, or conditions of this Agreement. No course of dealings or course of conduct will be effective to amend the terms of this Agreement.

24 NOTICES

Any and all notices required or permitted under this Agreement shall be in writing and shall be personally delivered, sent by certified U.S. mail, or by other means which affords the sender evidence of delivery, of rejected delivery, or attempted delivery to the respective parties at the addresses shown on the signature page of this Agreement, unless and until a different address

has been designated by written notice to the other party. Any notice by a means which affords the sender evidence of delivery, rejected delivery, or delivery not possible because the recipient has moved and left no forwarding address shall be deemed to have been given at the date and time of receipt, rejected, and/or attempted delivery. The Manual, any changes that we make to the Manual, and/or any other written instructions that we provide relating to operational matters, are not considered to be "notices" for the purpose of the delivery requirements in this Section 24.

25 ENTIRE AGREEMENT AND AMENDMENT

25.1 *Entire Agreement*. This Agreement and the exhibits referred to in this Agreement constitute the entire, full, and complete Agreement between the parties to this Agreement concerning the subject matter hereof, and supersede all prior agreements. The parties confirm that: (a) they were not induced by (nor did they rely upon) any other representations other than the words of this Agreement (and the FDD) before deciding whether to sign this Agreement; and (b) they relied only on the words printed in this Agreement in deciding whether to enter into this Agreement. However, nothing in this Agreement or in any other contract is intended as, nor shall it be interpreted to be, a disclaimer by us of any representation made in our Franchise Disclosure Document ("**FDD**"), including the exhibits and any amendments to the FDD.

25.2 *Amendment*. Except for those changes that we are permitted to make unilaterally under this Agreement, no amendment, change, or variance from this Agreement shall be binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing.

26 SEVERABILITY AND CONSTRUCTION

26.1 *Introductory Paragraphs*. The parties agree that the introductory paragraphs of this Agreement, under the heading "Background," are accurate, and the parties agree to incorporate those paragraphs into the text of this Agreement as if they were printed here.

26.2 *Severability*. Except as expressly provided to the contrary in this Agreement, each portion, section, part, term, and/or provision of this Agreement shall be considered severable; and if, for any reason, any section, part, term, and/or provision herein is determined to be invalid and contrary to, or in conflict with, any existing or future law or regulation by a court or agency having valid jurisdiction, such shall not impair the operation of, or have any other effect upon, such other portions, sections, parts, terms, and/or provisions of this Agreement as may remain otherwise intelligible; and the latter shall continue to be given full force and effect and bind the parties hereto; and said invalid portions, sections, parts, terms, and/or provisions shall be deemed not to be a part of this Agreement.

26.3 *No Third Party Rights*. Except as expressly provided to the contrary herein, nothing in this Agreement is intended, nor shall be deemed, to confer upon any person or legal entity other than you, we, and such of our respective successors and assigns as may be contemplated (and, as to you, permitted) by Section 16.4 above, any rights or remedies under or by reason of this Agreement.

26.4 *Captions Don't Amend Terms*. All captions in this Agreement are intended solely for the convenience of the parties, and no caption shall be deemed to affect the meaning or construction of any provision hereof.

26.5 *Survival*. All provisions of this Agreement which, by their terms or intent, are designed to survive the expiration or termination of this Agreement, shall so survive the expiration and/or termination of this Agreement.

26.6 *How We Exercise Our Rights*. Although we may exercise any of our rights, carry out any of our obligations, or otherwise discharge any of our duties under this Agreement directly, through the use of employees, independent contractors, professional advisors (for example, a CPA), or otherwise, we will still remain responsible for the proper performance of our obligations to you under this Agreement. You agree that in any instance in which we have a right as set out in this Agreement, we may exercise that right (unless otherwise provided) once and/or at any additional times that we deem it appropriate to do so.

26.7 *Expenses*. Each party shall bear all of the costs of exercising its rights and carrying out its responsibilities under this Agreement, except as otherwise provided.

26.8 *Including*. Whenever the terms “include” and “including” are used in this Agreement, the parties agree that they mean “including but not limited to”.

26.9 *Counterparts*. This Agreement may be signed in counterparts, and signature pages may be exchanged by fax, each such counterpart, when taken together with all other identical copies of this Agreement also signed in counterpart, shall be considered as one complete Agreement.

27 GOVERNING LAW AND DISPUTE RESOLUTION

27.1 *Choice of Law*. This Agreement shall be interpreted and construed exclusively under the laws of the State of Louisiana, which laws shall prevail in the event of any conflict of law (without regard to, and without giving effect to, the application of Louisiana choice-of-law rules); provided, however, that the covenants in Section 19 of this Agreement shall be interpreted and construed under the laws of the state in which the Franchised Business is located. Nothing in this Section 27.1 is intended by the parties to subject this Agreement to any franchise or similar law, rule, or regulation of the State of Louisiana to which this Agreement would not otherwise be subject.

27.2 *Choice of Venue.* Subject to Section 27.3 below, the parties agree that any action that you bring against us, in any court, whether federal or state, must be brought only within such state and in the judicial district in which we then maintain our principal place of business. Any action brought by us against you in any court, whether federal or state, may be brought within the state and judicial district in which we then maintain our principal place of business.

27.2.1 The parties agree that this Section 27.2 shall not be construed as preventing either party from removing an action from state to federal court; provided, however, that venue shall be as set forth above.

27.2.2 The parties hereby waive all questions of personal jurisdiction or venue for the purpose of carrying out this provision.

27.2.3 Any such action shall be conducted on an individual basis, and not as part of a consolidated, common, or class action.

27.3 *Mediation*. Before any party may bring an action in court against the other, the parties agree that they must first meet to mediate the dispute (except as otherwise provided in Section 27.5 below). Any such mediation shall be non-binding and shall be conducted in accordance with the then-current rules for mediation of commercial disputes of JAMS (aka the Judicial Arbitration and Mediation Services, Inc.) at its location nearest to our principal place of business at that time. Notwithstanding anything to the contrary, this Section 27.3 shall not bar either party from obtaining injunctive relief against threatened conduct that will cause it loss or damages, under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary injunctions, without having to engage in mediation.

27.4 *Parties Rights Are Cumulative*. No right or remedy conferred upon or reserved to us or you by this Agreement is intended to be, nor shall be deemed, exclusive of any other right or remedy herein or by law or equity provided or permitted, but each shall be cumulative of every other right or remedy.

27.5 *Injunctions*. Nothing contained in this Agreement shall bar our right to obtain injunctive relief against threatened conduct that will cause us loss or damages, under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary injunctions.

27.6 ***WAIVER OF JURY TRIALS*. EACH PARTY TO THIS AGREEMENT IRREVOCABLY WAIVES TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER OF THEM AGAINST THE OTHER, WHETHER OR NOT THERE ARE OTHER PARTIES IN SUCH ACTION OR PROCEEDING.**

27.7 ***MUST BRING CLAIMS WITHIN ONE YEAR*. EACH PARTY TO THIS AGREEMENT AGREES THAT ANY AND ALL CLAIMS AND ACTIONS ARISING OUT OF OR RELATING TO THIS AGREEMENT, THE PARTIES' RELATIONSHIP, AND/OR YOUR OPERATION OF THE FRANCHISED BUSINESS, BROUGHT BY ANY PARTY HERETO AGAINST THE OTHER, SHALL BE COMMENCED WITHIN ONE (1) YEAR FROM THE OCCURRENCE OF THE FACTS GIVING RISE TO SUCH CLAIM OR ACTION, OR, IT IS EXPRESSLY ACKNOWLEDGED AND AGREED BY ALL PARTIES, SUCH CLAIM OR ACTION SHALL BE IRREVOCABLY BARRED. THIS SECTION 27.7 DOES NOT APPLY TO CLAIMS FOR INDEMNIFICATION UNDER THIS AGREEMENT.**

27.8 ***WAIVER OF PUNITIVE DAMAGES*. EACH PARTY TO THIS AGREEMENT HEREBY WAIVES TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO OR CLAIM OF ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER, AND AGREE THAT IN THE EVENT OF A DISPUTE BETWEEN THEM EACH SHALL BE LIMITED TO THE RECOVERY OF ANY ACTUAL DAMAGES IT HAS SUSTAINED (THE PARTIES AGREE THAT THE PROVISIONS OF SECTION 18.11 ARE CONSISTENT WITH THIS PROVISION AND SHALL BE ENFORCED NOTWITHSTANDING THE WAIVER IN THIS SECTION 27.8).**

27.9 *Effect*. This Agreement takes effect only if and when both you and we have accepted and signed this document.

27.10 *Payment of Legal Fees*. You agree to pay us all damages, costs and expenses (including without limitation reasonable attorneys' fees, court costs, discovery costs, and all other related expenses) that we incur in: ***(a)*** obtaining injunctive or other relief for the enforcement of any provisions of this Agreement (including without limitation Sections 9 and 17 above); and/or ***(b)*** successfully defending a claim from you that we misrepresented the terms of this Agreement, fraudulently induced you to sign this Agreement, that the

provisions of this Agreement are not fair, were not properly entered into, and/or that the terms of this Agreement (as it may be amended by its terms) do not exclusively govern the parties' relationship.

28 ACKNOWLEDGMENTS

28.1 *Investigation of the Business Possibilities.* You acknowledge that you have conducted an independent investigation of the business franchised under this Agreement, recognize that this business venture involves business risks, and that your success will be largely dependent upon your ability (or, if you are an entity, your owners as independent businesspersons).

28.2 *No Warranties or Guarantees.* We expressly disclaim the making of, and you acknowledge that you have not received, any warranty or guarantee, express or implied, as to the potential volume, profits, or success of the business venture contemplated by this Agreement.

28.3 *Receipt of FDD and Complete Agreement.* You acknowledge receipt of a copy of this Agreement, the exhibit(s), and agreements relating to this Agreement (if any), with all of the blank lines filled in, with ample time within which to review with applicable advisors. You also acknowledge that you received the FDD at least fourteen (14) days before the date on which this Agreement was signed, or as otherwise provided under applicable state law.

28.4 *You Have Read the Agreement.* You acknowledge and agree that you have read and understood the FDD, this Agreement, and the exhibits to this Agreement.

28.5 *Your Advisors.* You acknowledge that we have recommended that you seek advice from advisors of your own choosing (including a lawyer and an accountant) about the potential benefits and risks of entering into this Agreement, and that you have had sufficient time and opportunity to consult with those advisors.

28.6 *No Conflicting Obligations.* Each party represents and warrants to the others that there are no other agreements, court orders, or any other legal obligations that would preclude or in any manner restrict such party from: ***(a)*** negotiating and entering into this Agreement; ***(b)*** exercising its rights under this Agreement; and/or ***(c)*** fulfilling its responsibilities under this Agreement.

28.7 *Your Responsibility for the Choice of the Approved Location.* You acknowledge that you have sole and complete responsibility for the choice of the Approved Location; that we have not (and shall not be deemed to have, even by our approval of the site that is the Approved Location) given any representation, promise, or guarantee of your success at the Approved Location; and that you will be solely responsible for your own success at the Approved Location.

28.8 *Your Responsibility for Operation of the Franchised Business.* Although we retain the right to establish and periodically modify System standards, which you have agreed to maintain in the operation of your franchised Location, you retain the right and sole responsibility for the day-to-day management and operation of the Franchised Business and the implementation and maintenance of system standards at the Franchised Business.

28.9 *Different Franchise Offerings to Others.* You acknowledge and agree that we may modify the terms under which we will offer franchises to other parties in any manner and at any time, which offers and agreements have or may have terms, conditions, and obligations that may differ from the terms, conditions, and obligations in this Agreement.

28.10 *Our Advice*. You acknowledge and agree that our advice is just that; that our advice is not a guarantee of success; and that you are the party that must reach and implement your own decisions about how to operate your Franchised Business on a day-to-day basis under the System.

28.11 *Your Independence*. You acknowledge and agree that:

28.11.1 you are the only party that employs your staff (even though we may provide you with advice, guidance, and training);

28.11.2 we are not the employer of any of your staff, and we will not play any role in decisions regarding their employment (including but not limited to matters such as recruitment, hiring, compensation, scheduling, employee relations, labor matters, review, discipline, and/or dismissal);

28.11.3 the guidance that we provide, and requirements under which you will operate, are intended to promote and protect the value of the brand and the Proprietary Marks;

28.11.4 when forming and in operating your business, you had to adopt standards to operate that business, and that instead of developing and implementing your own standards (or those of another party), you chose to adopt and implement our standards for your business (including but not limited to our System and the requirements under this Agreement); and

28.11.5 you have made (and will remain responsible at all times for) all of the organizational and basic decisions about establishing and forming your entity, operating your business (including but not limited to adopting our standards as your standards), and hiring employees and employment matters (including but not limited to matters such as recruitment, hiring, compensation, scheduling, employee relations, labor matters, review, discipline, and/or dismissal), engaging professional advisors, and all other facets of your operation.

28.12 *Success Depends on You.* You acknowledge that the success of the business venture contemplated under this Agreement is speculative and depends, to a large extent, upon your ability as an independent businessperson, your active participation in the daily affairs of the business, market conditions, area competition, availability of product, quality of services provided as well as other factors. We do not make any representation or warranty express or implied as to the potential success of the business venture contemplated hereby.

28.13 *General Release*. If this Agreement is not the first contract between you (and your affiliates) and us (and our affiliates), then you agree to the following:

You (on behalf of yourself and your parent, subsidiaries and affiliates and their respective past and present members, officers, directors, members, managers, shareholders, agents and

*employees, in their corporate and individual capacities) and all guarantors of your obligations under this Agreement (collectively, "**Releasors**") freely and without any influence forever release (and covenant not to sue) us, our parent, subsidiaries and affiliates and their respective past and present officers, directors, shareholders, agents and employees, in their corporate and individual capacities (collectively "**Releasees**"), with respect to 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**"), which any Releasor now owns or holds or may at any time have owned or held, including, without limitation, claims arising under federal, state and local laws, rules and ordinances and claims arising out of, or relating to this Agreement and all other agreements between any Releasor and any Releasee, the sale of any franchise to any Releasor, the development and operation of the Fat Tuesday Locations and the development and operation of all other businesses operated by any Releasor that are franchised by any Releasee. You understand as well that you may later learn of new or different facts, but still, it is your intention to fully, finally, and forever release all of the claims that are released above. This includes your waiver of state laws that may otherwise limit a release (for example, Calif. Civil Code Section 1542, which states that "[a] general release does not extend to claims which the creditor does not know or suspect exist in his [or her] favor at the time of executing the release, which if known by him [or her] must have materially affected his [or her] settlement with the debtor"). You agree that fair consideration has been given by us for this General Release and you fully understand that this is a negotiated, complete and final release of all claims. This General Release does not release any claims arising from representations made in our Franchise Disclosure Document and its exhibits or otherwise affect any claims arising after the date of this Agreement.*

*****

IN WITNESS WHEREOF, and intending to be legally bound by the terms of this Agreement, the parties have signed and delivered this Agreement on the day and year first above written.

DAQ, Inc. Franchisor	_____ Franchisee Entity
By:_____	By:_____
Name:_____	Name:_____
Title:_____	Title:_____
Effective Date:_____	
Address for Notices:	Address for Notices:
1115 N. Causeway Blvd. Suite 200 Mandeville, Louisiana 70471 Attn: General Counsel	_____ _____ Telephone:_____ Attn:_____

FAT TUESDAY
FRANCHISE AGREEMENT
EXHIBIT A
DATA ADDENDUM

¶	Section Cross-Reference	Item
1	1.2	The Approved Location under this Agreement shall be: _____ _____.
2	1.3	The Protected Territory under this Agreement shall be: _____ _____.

Initials	
Franchisee	Franchisor

FAT TUESDAY
FRANCHISE AGREEMENT
EXHIBIT B
GUARANTEE, INDEMNIFICATION, AND ACKNOWLEDGMENT

In order to induce DAQ, Inc. ("**Franchisor**") to sign the Fat Tuesday Franchise Agreement between Franchisor and _____ ("**Franchisee**"), dated_____, 202____ (the "**Agreement**"), each of the undersigned parties, jointly and severally, hereby unconditionally guarantee to Franchisor and its successors and assigns that all of Franchisee's obligations (monetary and otherwise) under the Agreement as well as any other contract between Franchisee and Franchisor (and/or Franchisor's affiliates) will be punctually paid and performed.

Each person signing this Personal Guarantee acknowledges and agrees, jointly and severally, that:

- Upon Franchisor's demand, s/he will immediately make each payment required of Franchisee under the Agreement and/or any other contract with Franchisor and/or its affiliates.

- S/he waives any right to require Franchisor to: ***(a)*** proceed against Franchisee for any payment required under the Agreement (and/or any other contract with Franchisor and/or its affiliates); ***(b)*** proceed against or exhaust any security from Franchisee; ***(c)*** pursue or exhaust any remedy, including any legal or equitable relief, against Franchisee; and/or ***(d)*** give notice of demand for payment by Franchisee.

- Without affecting the obligations of the undersigned persons under this Guarantee, Franchisor may, without notice to the undersigned, extend, modify, or release any indebtedness or obligation of Franchisee, or settle, adjust, or compromise any claims against Franchisee. Each of the undersigned persons waive notice of amendment of the Agreement (and any other contract with Franchisor and Franchisor's affiliates) and notice of demand for payment by Franchisee, and agree to be bound by any and all such amendments and changes to the Agreement (and any other contract with Franchisor and Franchisor's affiliates).

- S/he will defend, indemnify and hold Franchisor harmless against any and all losses, damages, liabilities, costs, and expenses (including without limitation reasonable attorneys' fees, court costs, discovery costs, and all other related expenses) resulting from, consisting of, or arising out of or in connection with any failure by Franchisee to perform any obligation of Franchisee under the Agreement (and any other contract with Franchisor and Franchisor's affiliates) and/or any amendment to the Agreement.

- S/he will be personally bound by all of Franchisee's covenants, obligations, and promises in the Agreement.

- S/he agrees to be personally bound by all of Franchisee's covenants, obligations, and promises in the Agreement, which include, but are not limited to, the covenants in the following Sections of the Agreement: **Section 9.3** (generally regarding trademarks), **Section 11** (generally regarding confidentiality), **Section 16** (generally regarding Transfers), **Section 18** (generally regarding obligations upon termination or expiration of this Agreement), and **Section 19** (generally regarding covenants against competition) of the Agreement.

- S/he understands that: **(a)** this Guarantee does not grant them any rights under the Agreement (including but not limited to the right to use any of Franchisor's marks such as the "Fat Tuesday's" marks) and/or the system licensed to Franchisee under the Agreement; **(b)** that they have read, in full, and understand, all of the provisions of the Agreement that are referred

to above in this paragraph, and that they intend to fully comply with those provisions of the Agreement as if they were printed here; and **(c)** that they have had the opportunity to consult with a lawyer of their own choosing in deciding whether to sign this Guarantee.

This Guarantee will be interpreted and construed in accordance with **Section 27** of the Agreement (including but not limited to the waiver of punitive damages, waiver of jury trial, agreement to bring claims within one year, and agreement not to engage in class or common actions). Among other things, that means that this Guarantee will be interpreted and construed exclusively under the laws of the State of Louisiana, and that in the event of any conflict of law, Louisiana law will prevail (without applying Louisiana conflict of law rules).

IN WITNESS WHEREOF, each of the undersigned persons has signed this Guarantee as of the date of the Agreement.

_____	_____	_____
(in his/her personal capacity)	(in his/her personal capacity)	(in his/her personal capacity)
Printed Name:_____	Printed Name:_____	Printed Name:_____
Date:_____	Date:_____	Date:_____
Home Address:	Home Address:	Home Address:
_____	_____	_____
_____	_____	_____

FAT TUESDAY
FRANCHISE AGREEMENT
EXHIBIT C
LIST OF PRINCIPALS

Name of Principal	Home Address	Interest %

Initials	
Franchisee	Franchisor

FAT TUESDAY
FRANCHISE AGREEMENT
EXHIBIT D

ELECTRONIC FUND TRANSFER WITHDRAWAL FORM
(DIRECT DEBITS FOR ROYALTY, MARKETING FUND CONTRIBUTION, AND OTHER FEES)

_____ (Name of Person or Legal Entity)

_____(ID Number)

The undersigned depositor ("**Depositor**" or "**Franchisee**") hereby authorizes DAQ, Inc. ("**Franchisor**") to initiate debit entries and/or credit correction entries to the undersigned's checking and/or savings account(s) indicated below and the depository designated below ("**Depository**" or "**Bank**") to debit or credit such account(s) pursuant to our instructions.

Depository	Branch	
City	State	Zip Code
Bank Transit/ABA Number	Account Number	

This authorization is to remain in full and force and effect until sixty days after we have received written notification from Franchisee of its termination.

Email address for receipt: _____

Printed Name of Depositor: _____

Signed By: _____

Printed Name: _____

Title: _____

Date: _____

FAT TUESDAY
FRANCHISE AGREEMENT
EXHIBIT E
ADA CERTIFICATION

DAQ, Inc. ("**Franchisor**" or "**us**") and _____("**Franchisee**" or "**you**") are parties to a franchise agreement dated _____, 202___ (the "**Franchise Agreement**") for the operation of a Franchised Business at _____(the "**Franchised Business**").

- In accordance with Section 5.7 of the Franchise Agreement, you certify to us that, to the best of your knowledge, the Franchised Business and its adjacent areas comply with all applicable federal, state, and local accessibility laws, statutes, codes, rules, regulations, and standards, including but not limited to the Americans with Disabilities Act.

- You acknowledge that you are an independent contractor and the requirement of this certification by Franchisor does not constitute ownership, control, leasing, or operation of the Franchised Business.

- You acknowledge that we have relied on the information contained in this certification.

- You agree to indemnify us and our officers, directors, and employees in connection with any and all claims, losses, costs, expenses, liabilities, compliance costs, and damages incurred by the indemnified party(ies) as a result of any matters associated with your compliance with the Americans with Disabilities Act, as well as the costs (including without limitation reasonable attorneys' fees, court costs, discovery costs, and all other related expenses) related to the same.

Acknowledged and Agreed:

_____
Franchisee:

By:_____

Printed Name:_____

Title:_____

FAT TUESDAY
FRANCHISE AGREEMENT
EXHIBIT F

SAMPLE FORM OF
NON-DISCLOSURE AND NON-COMPETITION AGREEMENT
(to be signed by franchisee with its
executives/management staff)

THIS NON-DISCLOSURE AND NON-COMPETITION AGREEMENT ("Agreement") is made this _____ day of _____, 202___, by and between _____ (the "**Franchisee**"), and _____, who is a Principal, manager, supervisor, member, partner, or a person in an executive or managerial position with, Franchisee (the "**Member**").

Background:

A. DAQ, Inc. ("**Franchisor**") owns a format and system (the "**System**") relating to the establishment and operation of "Fat Tuesday" businesses operating in structures that bear Franchisor's interior and exterior trade dress, and under its Proprietary Marks, as defined below (each, a "**Location**").

B. Franchisor identifies "Fat Tuesday" Locations by means of certain trade names, service marks, trademarks, logos, emblems, and indicia of origin (including for example the mark "Fat Tuesday") and certain other trade names, service marks, and trademarks that Franchisor currently and may in the future designate in writing for use in connection with the System (the "**Proprietary Marks**").

C. Franchisor and Franchisee have executed a Franchise Agreement ("**Franchise Agreement**") granting Franchisee the right to operate a "Fat Tuesday" Location (the "**Franchised Business**") and to offer and sell products, services, and other ancillary products approved by Franchisor and use the Proprietary Marks in connection therewith under the terms and conditions of the Franchise Agreement.

D. The Member, by virtue of his or her position with Franchisee, will gain access to certain of Franchisor's Confidential Information, as defined herein, and must therefore be bound by the same confidentiality and non-competition agreement that Franchisee is bound by.

IN CONSIDERATION of these premises, the conditions stated herein, and for other good and valuable consideration, the sufficiency and receipt of which are acknowledged, the parties agree as follows:

1. Confidential Information. Member agrees that Member will not, during the term of the Franchise Agreement or thereafter, communicate, divulge, or use for the benefit of any other person, persons, partnership, entity, association, or corporation any confidential information, knowledge, or know-how concerning the methods of operation of the business franchised thereunder which may be communicated to Member or of which Member may be apprised by virtue of your operation under the terms of the Franchise Agreement. Any and all information, knowledge, know-how, and techniques which Franchisor designates as confidential will be deemed confidential for purposes of this Agreement, except information which Franchisee can demonstrate came to its attention before disclosure thereof by Franchisor; or which, at or after the time of disclosure by Franchisor to Franchisee, had become or later becomes a part of the public domain, through publication or communication by others.

2. Covenants Not to Compete.

(a) Member specifically acknowledges that, pursuant to the Franchise Agreement, and by virtue of his/her position with Franchisee, Member will receive valuable specialized training and confidential information, including, without limitation, information regarding the operational, sales, promotional, and marketing methods and techniques of Franchisor and the System.

(b) Member covenants and agrees that during the term of the Franchise Agreement, except as otherwise approved in writing by Franchisor, Member will not, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person, persons, partnership, corporation, or entity:

(i) Divert or attempt to divert any business or customer of the Franchised Business or of any Franchised Business using the System to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with Franchisor's Proprietary Marks and the System; or

(ii) Either directly or indirectly for him/herself or on behalf of, or in conjunction with any person, persons, partnership, corporation, or entity, own, maintain, operate, engage in, or have any interest in any business which is the same as or similar to the Franchised Business.

(c) Member covenants and agrees that during the Post-Term Period (defined below), except as otherwise approved in writing by Franchisor, Member will not, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person, persons, partnership, corporation, or entity, Member will not own, maintain, operate, engage in, or have any interest in any business which is the same as or similar to the Franchised Business and which business is, or is intended to be, located within a three (3) mile radius of the Accepted Location.

(d) As used in this Agreement, the term "same as or similar to the Franchised Business" will include, but not be limited to, any foodservice business that sells or offers daiquiris and/or other frozen or alcoholic beverages that separately or in the aggregate constitute or would constitute ten percent (10%) or more of that business' gross revenues at any one or more retail location(s).

(e) As used in this Agreement, the term "Post-Term Period" means a continuous uninterrupted period of two (2) years from the date of: ***(i)*** a transfer as contemplated under Section 16 of the Franchise Agreement; ***(ii)*** expiration or termination of the Franchise Agreement (regardless of the cause for termination); ***(iii)*** termination of Member's employment with Franchisee; and/or ***(iv)*** a final order of a duly authorized arbitrator, panel of arbitrators, or a court of competent jurisdiction (after all appeals have been taken) with respect to any of the foregoing or with respect to the enforcement of this Agreement; either directly or indirectly (through, on behalf of, or in conjunction with any persons, partnership, corporation or entity).

3. Injunctive Relief. Member acknowledges that any failure to comply with the requirements of this Agreement will cause Franchisor irreparable injury, and Member agrees to pay all costs (including without limitation reasonable attorneys' fees, court costs, discovery costs, and all other related expenses) incurred by Franchisor in obtaining specific performance of, or an injunction against violation of, the requirements of this Agreement.

4. Severability. All agreements and covenants contained herein are severable. If any of them, or any part or parts of them, will be held invalid by any court of competent jurisdiction for any reason, then the Member agrees that the court will have the authority to reform and modify that provision in order that the restriction will be the maximum necessary to protect Franchisor's and/or Member's legitimate business needs as permitted by applicable law and public policy. In so doing, the

Member agrees that the court will impose the provision with retroactive effect as close as possible to the provision held to be invalid.

5. Delay. No delay or failure by the Franchisor or Franchisee to exercise any right under this Agreement, and no partial or single exercise of that right, will constitute a waiver of that or any other right provided herein, and no waiver of any violation of any terms and provisions of this Agreement will be construed as a waiver of any succeeding violation of the same or any other provision of this Agreement.

6. Third-Party Beneficiary. Member hereby acknowledges and agrees that Franchisor is an intended third-party beneficiary of this Agreement with the right to enforce it, independently or jointly with Franchisee.

IN WITNESS WHEREOF, the Franchisee and the Member attest that each has read and understands the terms of this Agreement, and voluntarily signed this Agreement on the date first written above.

FRANCHISEE	MEMBER
_____	_____
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____

Exhibit B **Area Development Agreement with Exhibits**

[on DAQ, Inc. letterhead stationery]

_____, 202__

_____
_____
_____
_____

Re: Development Letter Agreement

Dear _____:

We are pleased to be entering into this Development Letter Agreement (the "**Agreement**") with you today. As used in this Agreement, the terms "**you**", "**your**", and "**Developer**" mean _____ _____, and the terms "**we**", "**us**", and "**Franchisor**" mean DAQ, Inc.

1. *Development*. This Agreement relates to the terms under which you will develop "Fat Tuesday" locations (each a "**Location**") within the area that is specified on the attached Data Sheet (Exhibit A) (the "**Development Area**"). Each Location will be established under the terms of a separate Franchise Agreement (the "**Franchise Agreement**") that will specify, among other things, the approved site for each Location.

2. *Development Schedule*. You agree to establish each of the Locations in the Development Area according to the development schedule that is specified on the attached Data Sheet (Exhibit A). That schedule is referred to as the "**Development Schedule**."

3. *Term*. The term of this Agreement starts only when both parties have signed below, and ends on the last date specified in the Development Schedule, unless this Agreement is sooner terminated (the "**Term**").

4. *Fees*.

4.1 In consideration of the development rights granted in this Agreement, you agree to pay us, upon signing this Agreement, a development fee in the amount of _____ ($_____) (the "**Development Fee**"), which represents Ten Thousand Dollars ($10,000) multiplied by the number of Locations you agree to open under this Agreement (which is _____ (____)).

4.2 If you are in compliance with your obligations under this Agreement, then we will credit to you the sum of Five Thousand Dollars ($5,000), which credit we will apply to the initial franchise fee payable under each Franchise Agreement for a Location that you are required to open under this Agreement (provided, that the total amount of the credits that we grant to you under this Section 4.2 will not exceed one-half (½) of the total Development Fee that you have actually paid to us).

4.3 The Development Fee shall be fully earned when we receive it from you and it shall be non refundable in consideration of administrative and other expenses we incur and for the development opportunities lost or deferred as a result of the rights we have granted to you under this Agreement.

4.4 You agree to pay us our then-current initial franchise fee for each Franchise Agreement signed pursuant to this Agreement. The initial franchise fee is in addition to the Development Fee and will be due when you execute each Franchise Agreement.

5. *Development Rights*. If you are in compliance with your obligations under this Agreement and all of the Franchise Agreements between you (and your affiliates) and us (and our affiliates), then we will not establish, nor license anyone other than you to establish, a Location in the Development Area until the end of the Term, except as otherwise provided under Section 6 below.

6. *Reservation of Rights*.

6.1 Except as otherwise specifically provided under Section 5 above, we retain all other rights, and therefore we shall have the right (among others), and on any terms and conditions we deem advisable, and without granting you any rights therein, to do any or all of the following (and, in each case, despite their proximity to the Development Area, and despite their actual or threatened impact on sales at any Location):

a. to establish, and franchise others to establish, Locations at any location outside the Development Area;

b. to establish, and license others to establish, Locations at any Special Location (as defined below) inside or outside the Development Area;

c. to establish, and license others to establish, businesses that are not operated under the System and that do not use the Proprietary Marks licensed to you under a Franchise Agreement, even if those businesses offer or sell products that are the same as or similar to the Products offered from a Location, whether those businesses are located inside or outside the Development Area (so long as those businesses are not Locations operated within the Development Area);

d. to acquire (or be acquired) and then operate any business of any kind, whether located inside or outside the Development Area (so long as those businesses are not Locations operated within the Development Area); and

e. to sell and distribute, or license others to sell and distribute, directly or indirectly, any Products or Proprietary Items in ready-to-prepare or bulk packaged form (as compared to single-serving ready-to-consume form), from any location or to any purchaser (including, but not limited, the sale of items at wholesale and to purchasers in the Development Area through supermarkets, gourmet shops, mail order, and on the Internet, under our Proprietary Marks or as private-labeled items), so long as these sales are not made from a Location operated inside the Development Area (excluding a Special Location).

6.2 Definitions.

a. "**Special Locations**" means, among other things, non-foodservice businesses of any sort within which a Location or a "Fat Tuesday" branded facility is established and operated (including, for example, hotels, casinos, and resorts), branded locations that serve only our brand of frozen daiquiris; college campuses and schools; seaports, airports, and other travel facilities; government facilities (including military bases); theme and amusement parks; recreational facilities; seasonal facilities; shopping malls; theaters; and sporting event arenas and centers.)

b. "**System**" means the "Fat Tuesday" system of operations, as further defined in the Franchise Agreement.

7. *Other Brands*. In addition to the "Fat Tuesday" brand, you understand that we operate (or may become affiliated with other companies that operate) businesses under other brand names, and also that we may acquire other brands (or be acquired by a company that operates other brands) (collectively, "**Other Brands**"). You understand and agree that this Agreement grants you no rights with respect to any such Other Brands.

8. *No License to use the Marks*. This Agreement does not confer upon you any license to use, in any manner whatsoever, our Proprietary Marks or System. To the extent that we are licensing those rights to you, that license is set out under the Franchise Agreements.

9. *Signing of the Franchise Agreements*. You must sign a Franchise Agreement for each Location. Each Location shall be located at a site that we have approved, within the Development Area, as provided below. The Franchise Agreement for each Location developed under this Agreement shall be in the form of our then-current Franchise Agreement. You must sign the Franchise Agreement for each Location and submit to us for countersignature not more than thirty (30) days after you sign the lease or purchase property for that Location.

10. *Provisions of the Franchise Agreement Incorporated By Reference*. The parties agree that the provisions of the following sections of the Franchise Agreement are incorporated by reference into this Agreement as if they were printed in this Agreement, and that the provisions noted above also apply to this Agreement (except that reference to the "Franchisee" in those provisions shall refer to you under this Agreement):

10.1 Section 15 - Insurance

10.2 Section 16 - Transfer of Interest (but also see Section 11 below)

10.3 Section 17 - Default and Termination (but also see Section 12 below)

10.4 Section 18 - Obligations upon Termination or Expiration

10.5 Section 19 - Covenants

10.6 Section 20 - Taxes, Permits, and Indebtedness

10.7 Section 21 - Independent Contractor and Indemnification

10.8 Section 22 – Force Majeure

10.9 Section 23 – Approvals and Waivers

10.10 Section 24 - Notices

10.11 Section 26 - Severability and Construction

10.12 Section 27 - Applicable Law and Dispute Resolution *(You specifically acknowledge and agree that the provisions in Section 27 of the Franchise Agreement apply to this Agreement as well. Among other things, the provisions of Section 27 provide (in the detail spelled out in the Franchise Agreement) that you are waiving trial by jury, that you are waiving the right to seek or collect punitive damages, that the parties must first mediate any dispute before bringing an action in court; that the venue for any action you may file against us will be in the courts within the state and judicial district in which we then maintain our principal place of business (currently, Mandeville, Louisiana), that you are waiving participation in a common or class action against us, and that all legal actions you bring must be brought within one (1) year from the occurrence of the facts giving rise to such claim or action– all as described in Section 27 of the Franchise Agreement, excluding claims for indemnification).*

10.13 Section 28 - Acknowledgments

11. *Transfers*. In addition to the provisions of Section 10.2 above, you understand and agree that we have entered into this Agreement in reliance on your promise and commitment to establish and operate an agreed-upon number of Locations, and that as a result, you agree that it would not be unreasonable for us to withhold our consent to a transfer of some, but not all, of the Franchise Agreements separate from one another, and in any case, separate from the rights set forth under this Agreement (if this Agreement has not at the time of a proposed transfer either expired or terminated).

12. *Defaults*. In addition to the provisions of Section 10.3 above, you will be in default under this Agreement if you: ***(a)*** do not meet your obligations under the Development Schedule (including Note 1 to the Development Schedule) and/or if any other agreement between you (and/or your affiliates) and us is terminated; and/or ***(b)*** fail to provide us with any information or documents we have the right to request under this Agreement or any other agreement between you (and/or your affiliates) and us (and/or our affiliates). If you are in default under this Agreement, then we will have the right to: ***(i)*** terminate this Agreement by giving you written notice of termination, which will take effect immediately (unless otherwise required under applicable law); or ***(ii)*** take any lesser action instead of terminating this Agreement, including but not limited to suspending or eliminating your rights to the Development Area. A default under this Agreement shall not constitute a default under any Franchise Agreement between the parties.

13. *Entire Agreement and Amendment*. This Agreement, together with the provisions that are incorporated by reference pursuant to Section 10 above and the Data Sheet that is attached to this Agreement, together constitute the entire, full, and complete agreement between the parties concerning the subject matter of this Agreement, and supersede all prior agreements, no other representations having induced Franchisee to execute this Agreement. The parties acknowledge and agree that they relied only on the words printed in this Agreement (and the Data Sheet, and the provisions of the Franchise Agreement that are incorporated by reference) in deciding whether to enter into this Agreement. Except for those permitted to be made unilaterally by Franchisor under this Agreement, no amendment, change, or variance from this Agreement shall be binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing. However, nothing in this Agreement or in any other contract is intended as, nor shall it be interpreted to be, a disclaimer by us of any representation made in our Franchise Disclosure Document ("**FDD**"), including the exhibits and any amendments to the FDD.

14. *Indemnity*. You agree to defend, indemnify and hold us, our owners and affiliates, and our (and our affiliates') officers, directors, members, managers, employees, and agents harmless against any and all claims arising directly or indirectly from, as a result of, or in connection with your operation of the business contemplated under this Agreement, as well as the costs of defending against them (including, but not limited to, reasonable attorneys' fees, reasonable costs of investigation, court costs, and arbitration fees and expenses).

15. *Confirmation that You Read the Franchise Agreement*. You acknowledge that you have read the Franchise Agreement attached to this Agreement as Exhibit B (including but not limited to the provisions of the Franchise Agreement that are referenced (and/or incorporated by reference) into this Agreement via Section 10 above (including but not limited to the waiver of jury trial, the waiver of punitive damages, the mediation and venue clauses, and the provision waiving participation in a common or class action)).

16. *Captions*. The headings and captions in this Agreement are merely for the sake of convenience and are not meant (and shall not be deemed) to change or have any affect upon the meaning of the Agreement.

Development Letter Agreement

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed, and delivered this Agreement in duplicate on the day and year first above written.

DAQ, Inc.
Franchisor

By:_____

Name:_____

Title:_____

Effective Date:_____

Address for Notices:

1115 N. Causeway Blvd.
Mandeville, Louisiana 70471

Attention: Office of General Counsel

_____
Developer Entity

By:_____

Name:_____

Title:_____

Address for Notices:

_____

_____

Telephone:_____
Fax:_____
Attn:_____

Exhibits (3):

A – Data Sheet
B – Franchise Agreement

Development Letter Agreement

Exhibit A - Data Sheet

The Development Area under this Agreement shall be:

Initialed

Franchisor _____ Developer Party _____

The Development Schedule under this Agreement shall be:

By this anniversary of the date of this Agreement	Cumulative Total Number of Locations That You Agree To Have Open and in Operation in the Development Area
[number (#)] months	**[number (#)]**
[number (#)] months	**[number (#)]**
[number (#)] months	**[number (#)]**

Initialed

Franchisor _____ Developer Party _____

The Development Fee under this Agreement shall be:

$10,000 x _____ = $ _____
(Number of Locations)

Initialed

Franchisor _____ Developer Party _____

Exhibit B - The Franchise Agreement

Exhibit C: List of State Franchise Administrators

We intend to register this disclosure document as a "franchise" in some or all of the following states, if required by the applicable state laws. If and when we pursue franchise registration (or otherwise comply with the franchise investment laws) in these states, the following are the state administrators responsible for the review, registration, and oversight of franchises in these states:

CALIFORNIA Commissioner of Business Oversight Department of Business Oversight 320 West Fourth Street, Suite 750 Los Angeles, California 90013-2344 (213) 576-7500 / Toll Free: (866) 275-2677	**NEW YORK** Office of the New York State Attorney General Investor Protection Bureau, Franchise Section 28 Liberty Street, 21st Floor New York, NY 10005 (212) 416-8236 Phone / (212) 416-6042 Fax
HAWAII Commissioner of Securities of the State of Hawaii Department of Commerce & Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 / (808) 586-2722	**NORTH DAKOTA** North Dakota Securities Department 600 East Boulevard Avenue, State Capitol Fifth Floor, Dept. 414 Bismarck, North Dakota 58505-0510 (701) 328-4712
ILLINOIS Illinois Office of the Attorney General Franchise Bureau 500 South Second Street Springfield, Illinois 62706 (217) 782-4465	**RHODE ISLAND** Dep't of Business Regulation, Securities Division Bldg. 69, First Floor, John O. Pastore Center 1511 Pontiac Avenue Cranston, Rhode Island 02920 (401) 462-9527
INDIANA Secretary of State Franchise Section 302 West Washington, Room E-111 Indianapolis, Indiana 46204 (317) 232-6681	**SOUTH DAKOTA** Division of Insurance Securities Regulation 124 South Euclid Avenue, Suite 104 Pierre, South Dakota 57501 (605) 773-3563
MARYLAND Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, Maryland 21202-2020 / (410) 576-6360	**VIRGINIA** State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9th Floor Richmond, Virginia 23219 / (804) 371-9051
MICHIGAN Michigan Attorney General's Office Consumer Protection Div., Franchise Section 525 West Ottawa Street G. Mennen Williams Building, 1st Floor Lansing, Michigan 48913 / (517) 373-7117	**WASHINGTON** Department of Financial Institutions Securities Division – 3rd Floor 150 Israel Road, S.W. Tumwater, Washington 98501 (360) 902-8760
MINNESOTA Commissioner of Commerce Department of Commerce, Securities Unit 85 7th Place East, Suite 280 St. Paul, Minnesota 55101 / (651) 539-1500	**WISCONSIN** Office of the Commissioner of Securities 201 W. Washington Ave., Suite 300 Madison, WI 53703 (608) 261-9555

Exhibit D: Agents for Service of Process

We intend to register this disclosure document as a "franchise" in some or all of the following states, if required by the applicable state law. If and when we pursue franchise registration (or otherwise comply with the franchise investment laws) in these states, we will designate the following state offices or officials as our agents for service of process in these states:

CALIFORNIA Commissioner of Business Oversight Department of Business Oversight 320 West Fourth Street, Suite 750 Los Angeles, California 90013-2344 (213) 576-7500 / Toll Free: (866) 275-2677	**NEW YORK** New York Secretary of State New York Department of State 99 Washington Avenue, 6th Floor Albany, NY 12231-0001 (518) 473-2492
HAWAII Commissioner of Securities of the State of Hawaii Department of Commerce & Consumer Affairs Business Reg. Div., Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 / (808) 586-2722	**NORTH DAKOTA** North Dakota Securities Commissioner 600 East Boulevard Avenue, State Capitol Fifth Floor Bismarck, North Dakota 58505-0510 (701) 328-4712
ILLINOIS Illinois Attorney General 500 South Second Street Springfield, Illinois 62706 (217) 782-4465	**RHODE ISLAND** Director of Dep't of Business Reg., Securities Div. Bldg. 69, First Floor, John O. Pastore Center 1511 Pontiac Avenue Cranston, Rhode Island 02920 / (401) 462-9527
INDIANA Secretary of State Franchise Section 302 West Washington, Room E-111 Indianapolis, Indiana 46204 (317) 232-6681	**SOUTH DAKOTA** Division of Insurance Director of the Securities Regulation 124 South Euclid Avenue, Suite 104 Pierre, South Dakota 57501 (605) 773-3563
MARYLAND Maryland Securities Commissioner 200 St. Paul Place Baltimore, Maryland 21202-2020 (410) 576-6360	**VIRGINIA** Clerk of the State Corporation Commission 1300 East Main Street, 1st Floor Richmond, Virginia 23219 (804) 371-9733
MICHIGAN Michigan Attorney General's Office Consumer Protection Div., Franchise Section 525 West Ottawa Street G. Mennen Williams Building, 1st Floor Lansing, Michigan 48913 (517) 373-7117	**WASHINGTON** Director of Department of Financial Institutions Securities Division – 3rd Floor 150 Israel Road, S.W. Tumwater, Washington 98501 (360) 902-8760
MINNESOTA Commissioner of Commerce 85 7th Place East, Suite 280 St. Paul, Minnesota 55101 (651) 539-1500	**WISCONSIN** Commissioner of Securities 201 W. Washington Ave., Suite 300 Madison, WI 53703 (608) 261-9555

Exhibit E: **Franchisees and Licensees and Former Franchisees/Licensees (as of the date of this Disclosure Document)**

Fat Tuesday Location Licensees

Licensee	Address				Phone
Fat Tuesday Westgate, LLC	6751 N Sunset Blvd., Suite E113	Glendale	AZ	85305	623-230-2509
Party Gators, Inc.	680 Mill Ave., Suite 106	Tempe	AZ	85281	480-967-3917
Sandestin Investments, LLC	9300 Emerald Coast Pkwy	Sandestin	FL	32541	850-351-1809
Millennium Southernmost, Inc.	305 Duval Street	Key West	FL	33040	305-296-9373
Universal City Development Partners, Ltd.*	6000 Universal Blvd., (Kiosk)	Orlando	FL	32819	407-363-8000
Universal City Development Partners, Ltd.*	6000 Universal Blvd., Suite 720A	Orlando	FL	32819	407-224-2236
BTN, LLC. dba Boomtown Casino Biloxi	870 Beach Blvd.	Biloxi	MS	39530	800-627-0777
Legacy Heritage, LLC	120 Bernhardt	Greensboro	NC	27406	336-769-6707
Beside The Bar, LLC*	3570 S. Las Vegas Blvd., Space L-23	Las Vegas	NV	89109	702-369-3265
Royale Bar, LLC*	3411 S Las Vegas Blvd.	Las Vegas	NV	89109	702-754-0096
MEI-GSR Holdings, LLC	2500 E. 2nd Street	Reno	NV	89595	
Seneca Niagara Falls Gaming Corp.	310 4th Street	Niagara Falls	NY	14303	716-501-4168

* Area Developer

New Orleans Original Daiquiri Location Licensees

Franchisee	Address				Phone
Marks of Breaux Bridge, LLC	1811 Rees Street, Suite F	Breaux Bridge	LA	70517	337-442-6430
Marks Broussard, LLC	4016 Highway 90 East	Broussard	LA	70518	337-837-7706
Marks of Carencro, LLC	200 Hector Connolly Rd., Suite 100	Carencro	LA	70520	337-565-2966
Marks of Hwy 73, LLC	13375 Hwy 73, Suite F	Geismer	LA	70734	225-313-3262
Marks Gonzales, LLC	1006 Airline Hwy	Gonzales	LA	70737	225-674-6020
Marks of Hwy 30, LLC	1810 W Hwy 30	Gonzales	LA	70737	225-644-2373
Marks of Grand Calliou, LLC	1236 Grand Calliou Road	Houma	LA	70363	985-868-8976
Pedo, LLC	505 W Thomas St.	Hammond	LA	70401	985-542-8125
SMM Lafayette, LLC	5601 Johnson Street	Lafayette	LA	70503	337-989-2259
Marks Pinhook, LLC	1812 Pinhook Rd., Suite 303	Lafayette	LA	70508	337-235-5001
SMM Laplace, LLC	1819 Airline Hwy, Suite 19, 20 and 21	LaPlace	LA	70068	985-652-3892
Marks of Maurepas, LLC	18780 Hwy 22, Suite H	Maurepas	LA	70449	225-698-5000
Marks of New Iberia, LLC	715 West Admiral Doyle Dr., Suite G	New Iberia	LA	70560	337-256-5015
Marks Prairieville, LLC	37459 Ultima Plaza Blvd., Suite	Prairieville	LA	70769	225-677-5467
Marks of Hwy 42, LLC	40051 Hwy 42, Suite A	Prairieville	LA	70769	225-622-3900
Pedo Two, LLC	44192 Hwy 445, Suite A	Robert	LA	70455	985-340-7770

Former Franchisees/Licensees

None.

Exhibit F: **Affiliate-Owned Businesses**
(as of the date of this Disclosure Document)

Affiliate-Owned Fat Tuesday Locations

Tradename	Street Address	City	State	Zip
Fat Tuesday	401 Biscayne Blvd., #N-220	Miami	FL	33132
Fat Tuesday	918 Ocean Drive	Miami	FL	33139
Fat Tuesday	3799 Las Vegas Blvd. S.	Las Vegas	NV	89109
Fat Tuesday	2000 Las Vegas Blvd. S., #D11-A	Las Vegas	NV	89104
Fat Tuesday	3663 Las Vegas Blvd. S., #445	Las Vegas	NV	89109
Fat Tuesday	3930 Las Vegas Blvd. S., #119	Las Vegas	NV	89109
Fat Tuesday	3355 Las Vegas Blvd. S., #2505	Las Vegas	NV	89109
Fat Tuesday	3717 Las Vegas Blvd. S., # 210-A	Las Vegas	NV	89119
Fat Tuesday	3743 Las Vegas Blvd. S., # 123	Las Vegas	NV	89109
Fat Tuesday	431 South St.	Philadelphia	PA	19147
Fat Tuesday	1318 Celebrity Circle, #CS1	Myrtle Beach	SC	29577

Affiliate-Owned New Orleans Original Daiquiri Locations

Tradename	Street Address	City	State	Zip
New Orleans Original Daiquiris	6601 W. Judge Perez Dr.	Arabi	LA	70032
New Orleans Original Daiquiris	3026 Hwy. 90 West	Avondale	LA	70094
New Orleans Original Daiquiris	6555 Siegen Lane	Baton Rouge	LA	70809
New Orleans Original Daiquiris	133 Lee Drive, Suite 1	Baton Rouge	LA	70808
New Orleans Original Daiquiris	3404 Drusilla Lane	Baton Rouge	LA	70816
New Orleans Original Daiquiris	8102 Hwy. 23	Belle Chasse	LA	70037
New Orleans Original Daiquiris	8304 W. Judge Perez Drive	Chalmette	LA	70043
New Orleans Original Daiquiris	2700 N. Hwy. 190	Covington	LA	70433
New Orleans Original Daiquiris	456 Lapalco Blvd.	Gretna	LA	70053
New Orleans Original Daiquiris	620 Terry Parkway	Gretna	LA	70053
New Orleans Original Daiquiris	1000 S. Clearview Pkwy.	Harahan	LA	70123
New Orleans Original Daiquiris	835 Manhattan Blvd.	Harvey	LA	70058
New Orleans Original Daiquiris	2015 Woodmere Blvd.	Harvey	LA	70058
New Orleans Original Daiquiris	981 Jefferson Hwy.	Jefferson	LA	70121
New Orleans Original Daiquiris	2801 Williams Blvd.	Kenner	LA	70065

Tradename	Street Address	City	State	Zip
New Orleans Original Daiquiris	12411 Hwy. 90	Luling	LA	70070
New Orleans Original Daiquiris	1810 N. Causeway Blvd.	Mandeville	LA	70471
New Orleans Original Daiquiris	6240 Lapalco Blvd.	Marrero	LA	70072
New Orleans Original Daiquiris	6830 Veterans Hwy.	Metairie	LA	70003
New Orleans Original Daiquiris	6201 Airline Drive	Metairie	LA	70003
New Orleans Original Daiquiris	210 Veterans Memorial Blvd.	Metairie	LA	70005
New Orleans Original Daiquiris	4212 Veterans Memorial Blvd.	Metairie	LA	70006
New Orleans Original Daiquiris	633 Bourbon St.	New Orleans	LA	70130
New Orleans Original Daiquiris	8100 St. Charles Ave.	New Orleans	LA	70118
New Orleans Original Daiquiris	4450 Chef Menteur Hwy	New Orleans	LA	70126
New Orleans Original Daiquiris	3637 General Degaulle	New Orleans	LA	70114
New Orleans Original Daiquiris	500 Port of New Orleans Place	New Orleans	LA	70130

Exhibit G: DAQ, Inc. Financial Statements

DAQ, Inc.

Financial Statements

December 31, 2019 and

July 23, 2018 (date of inception) through December 31, 2018

REAGAN & REAGAN

CPAs & Business Advisors

www.randrcpa.com

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REPORT

Independent Auditor's Report

To the Stockholder
DAQ, Inc.
Mandeville, LA

We have audited the accompanying financial statements of DAQ, Inc., which comprise the balance sheets as of December 31, 2019 and December 31, 2018 and the related statements of operations, stockholders' equity, and cash flows for the year ended December 31, 2019 and the period from July 23, 2018 (date of inception) through December 31, 2018, 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

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we 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, 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 DAQ, Inc., as of December 31, 2019 and December 31, 2018 and the results of its operations and its cash flows for the year ended December 31, 2019 and the period from July 23, 2018 (date of inception) through December 31, 2018 in accordance with accounting principles generally accepted in the United States of America.

Reagan & Reagan CPA, LLC

Covington, LA
March 23, 2020

FINANCIAL STATEMENTS

	12/31/19	12/31/18
ASSETS		
Current assets		
Cash	$ 188,809	$ 146,039
Accounts receivable:		
Royalities and license fees	124,082	126,280
Prepaid expenses	10,563	-
Due from affiliates	50,796	-
Total current assets	374,250	272,319
Intangible assets, less accumulated amortization of $13,216 and $1,741, respectively.	69,082	71,186
Total assets	$ 443,332	$ 343,505
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	$ 29,611	$ 24,562
Deferred revenue	36,827	-
Total current liabilities	66,438	24,562
Total liabilities	66,438	24,562
Stockholders' Equity		
Common stock, no par value;		
Shares authorized: 100;		
Shares issued; 51		
Shares outstanding; 51	51	51
Additional paid-in-capital	165,527	165,527
Retained earnings	211,316	153,365
Total Stockholders' Equity	376,894	318,943
Total liabilities and stockholders' equity	$ 443,332	$ 343,505

See accompanying Notes to Financial Statements and Independent Auditor's Report.

	2019	7/23/18 (date of inception) through 12/31/18
Revenues:		
Royalties and other related fees	$ 1,378,502	$ 404,492
Franchise and license fees	93,173	45,000
Commission income	234,690	-
	1,706,365	449,492
Costs and expenses:		
Operating expenses	393,007	148,135
Payroll and related costs	313,111	124,164
Selling and marketing	226,728	22,087
Amortization expense	11,475	1,741
	944,321	296,127
Income from operations	762,044	153,365
Other income (expense)		
Other income	907	-
	907	-
Net income	$ 762,951	$ 153,365

See accompanying Notes to Financial Statements and Independent Auditor's Report.

	Common Stock		Paid in Capital	Retained	
	Shares	Amount	Stock	Earnings	Total
July 23, 2018 (date of inception)	100	$ 51	$ -	$ -	$ 51
Net income	-	-		153,365	153,365
Additional capital contributed	-	-	165,527	-	165,527
December 31, 2018	100	$ 51	$ 165,527	$ 153,365	$ 318,943
Net income	-	-		762,951	762,951
Distributions	-	-	-	(705,000)	(705,000)
December 31, 2019	100	$ 51	$ 165,527	$ 211,316	$ 376,894

See accompanying Notes to Financial Statements and Independent Auditor's Report.

	2019	7/23/18 (date of inception) through 12/31/18
Cash flows from operating activities:		
Net income	$ 762,951	$ 153,365
Adjustments to reconcile net income to net cash (used in) provided by operating activities		
Amortization expense	11,475	1,741
Changes in assets and liabilities		
Royalties and license fee receivables	2,198	(126,280)
Prepaid expenses	(10,563)	-
Due from affiliates	(50,796)	-
Accounts payable and accrued liabilities	5,049	24,562
Deferred revenue	36,827	-
Net cash provided by operating activities	757,141	53,388
Cash flows from investing activities:		
Purchase of intangible assets	(9,371)	(72,927)
Net cash used in investing activities	(9,371)	(72,927)
Cash flows from financing activities:		
Proceeds from issuance of common stock and additional paid in capital	-	165,578
Distributions	(705,000)	-
Net cash (used in) provided by financing activities	(705,000)	165,578
Net increase in cash	42,770	146,039
Cash, beginning of period	146,039	-
Cash, end of period	$ 188,809	$ 146,039
Supplemental cash flow information:		
Cash paid during the year for interest:	$ -	$ -

See accompanying Notes to Financial Statements and Independent Auditor's Report.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

DAQ, Inc. (the "Company") was initially incorporated on July 23, 2018, under the laws of the State of Louisiana. The Company was formed to offer and sell Fat Tuesday and New Orleans Original Daiquiri franchises throughout the United States of America and certain international markets.

On August 10, 2018, the Company entered into a license agreement with an affiliated entity that granted the Company the right to use, and to license others to use, certain proprietary Fat Tuesday items such as logos, designs and symbols, trade names, trademarks and other service marks.

On September 1, 2018, the Company entered into an assignment and assumption agreement with an affiliated entity that transferred the licensing rights of thirty-seven Fat Tuesday and New Orleans Original Daiquiri locations to the Company.

Basis of Accounting

The Company's accounts are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Income is recorded when earned and expenses are recorded when incurred.

Accounting Estimates

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

Companies Under Common Control

For the year ended December 31, 2019 and the period July 23, 2018 (date of inception) through December 31, 2018, various officers of the Company were also officers in other related entities. In addition, the stockholder of the Company has ownership in various other affiliated entities with common ownership. It is management's opinion that the financial positon and results of operations of the Company have not been significantly affected by the transactions with these entities.

Cash and Cash Equivalents

For purposes of the financial statements, the Company considers all highly liquid instruments purchased with an initial maturity of three months or less to be cash equivalents.

Concentration of Credit Risk

At December 31, 2019 and December 31, 2018, the Company did not have any concentrations of credit risk.

Accounts Receivable

Accounts receivable consist of amounts due from franchisees for license fees and royalties. Management assesses the collectability of receivables on an ongoing basis. The Company records a provision for doubtful receivables, if necessary, to allow for any amounts which may be unrecoverable, which is based upon an analysis of the Company's prior collection experience, creditworthiness and current economic trends. During the year ended December 31, 2019 and the period July 23, 2018 (date of inception) through

December 31, 2018, the Company did not write off any receivables as management has deemed all receivable balances as collectible.

Intangibles Assets

Intangible assets consist of website and branding development costs and are stated at cost and amortized using the straight-line method over a seven-year life. The Company tests for impairment of its intangible assets at a minimum, on an annual basis. The Company does not believe that any impairment exists as of December 31, 2019 or December 31, 2018.

Fair Value of Financial Instruments

For the purposes of financial reporting, management has determined that the fair value of financial instruments including cash, accounts receivable, accounts payable and accrued liabilities, approximate the carrying value because of their short-term maturity.

Revenue Recognition

Revenue is recognized is accordance with a five-step revenue model, as follows: identifying the contract with the customer; identifying the performance obligations in the contract; determining the transaction price; allocating the transaction price to the performance obligations; and recognizing revenue when (or as) the entity satisfies a performance obligation.

Franchise agreements have an initial term of 10 years. These agreements also convey multiple extension terms of five years, depending on contract terms if certain conditions are met. The Company provides its franchisees system training, pre-opening assistance, and general assistance in exchange for franchise fees and royalties.

The Company has determined that the initial franchise services are not distinct from the continuing rights and services offered during the term of the franchise agreement and should be treated as a single performance obligation; therefore, such fees are recognized in income ratably over the term of the related franchise agreement or recognized upon the termination of the agreement between the Company and the franchisee. See Note 3.

The Company accrues royalties based upon the contractual royalty rate, as defined in the respective franchise and license agreements.

License agreements have a term of 10 years with annual required license fee payments, generally $15,000 and are recognized in the year they are earned based on the terms of the agreements.

Franchise Operations

The Company enters into franchise agreements with unrelated third parties to operate locations using the Fat Tuesday and New Orleans Original Daiquiri brand within a defined geographical area. The Company believes that franchising is an effective and efficient means to expand the Fat Tuesday and New Orleans Original Daiquiri brand. The franchise is required to operate its location in compliance with its franchise agreement that includes adherence to operating and quality control procedures established by the Company.

The Company does not provide loans, leases, or guarantees to the franchisee or the franchisee's employees and vendors. If a franchisee becomes financially distressed, the Company does not provide financial assistance. If financial distress leads to a franchisee's noncompliance with the franchise agreement and the Company elects to terminate the franchise agreement, the Company has financial exposure for the collection of the royalty payments. Franchisees generally remit royalty payments monthly for the prior

month's sales, which substantially minimizes the financial exposure. Historically, the Company has experienced insignificant write-offs of franchise royalties. Franchise fees are paid upon the signing of the related agreements.

Advertising Costs

Advertising costs are treated as period costs and expensed as incurred. During year ended December 31, 2019 and the period July 23, 2018 (date of inception) through December 31, 2018, the Company incurred $75,026 and $215, respectively, of advertising costs.

Income Taxes

Effective July 23, 2018 (date of inception), the Company elected to be treated as an S corporation for income tax under the provisions of the Internal Revenue Code. Accordingly, the financial statements do not reflect a provision for income taxes and the earnings and or losses are included in the personal tax returns of the shareholders.

Recently Issued Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842). The guidance in the ASU supersedes the lease guidance in Topic 840, Leases. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The new standard is effective for fiscal years beginning after December 15, 2020. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. The Company is currently evaluating the impact of the pending adoption of the new standard on its financial statements.

The Company has reviewed all other significant newly-issued accounting pronouncements and concluded that they are either not applicable to the operations or that no material effects are expected on its financial statements as a result of future adoption.

Recently Adopted Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09 "Revenue with Contracts from Customers (Topic 606)", which supersedes the revenue recognition requirements in Accounting Standards Codification 605, "Revenue Recognition." This ASU is based on the principle that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The ASU also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgements and assets recognized from costs incurred to obtain or fulfill a contract.

The Company adopted Topic 606 at the beginning of the first quarter of 2019. The adoption of these standards did not have an impact on the Company's financial position and results of operations for the period July 23, 2018 (date of inception) through December 31, 2018. The primary impact of the adoption was the enhancement of the Company's disclosures related to contracts with customers and revenue recognized from those performance obligations, which includes revenue related to initial fees charged to franchisees. See Note 3, Revenue Recognition.

Further, the Company implemented internal controls related to the recognition and presentation of the Company's revenues under this new standard.

NOTE 2 – INTANGIBLE ASSETS

Following is a summary of intangible assets at December 31, 2019 and December 31, 2018:

Amortization expense for the year ended December 31, 2019 and the period July 23, 2018 (date of inception) through December 31, 2018 was $11,475 and $1,741, respectively. Estimated future amortization expense as of December 31, 2019 was as follows:

	12/31/2019	12/31/2018
Intangibles - other	$ 82,298	$ 72,927
	82,298	72,927
Less: Accumulated amortization	(13,216)	(1,741)
Net Intangible assets	$ 69,082	$ 71,186

2019	$ 11,757
2020	11,757
2021	11,757
2022	11,757
2023	11,757
Thereafter	10,297
Total future amortization expense	$ 69,082

NOTE 3 – REVENUE RECOGNITION

The Company adopted the revenue recognition standards under Topic 606 at the beginning of the first quarter of 2019 using the modified retrospective method. The adoption of these standards did not have an impact on the Company's recognition of revenue from continuing royalty fees from franchisees, which are based on a percentage of franchisee revenues and are recognized in the period the related franchised sales occur.

Franchise and License Fees

The adoption of Topic 606 impacted the Company's accounting for initial fees charged to franchisees In accordance with the new guidance, the Company has determined that the initial franchise services are not distinct from the continuing rights or services offered during the term of the franchise agreement and those costs should not be treated as a separate performance obligation. Therefore, the Company recognizes the initial fees received from the franchisees as revenue over the term of the respective franchise agreement, generally 10 years.

The standard franchise arrangement requires an initial franchise fee of $20,000 and royalty fees of 8%.

The Company recognized franchise fee revenue of $3,173 during 2019 and is recorded in franchise and license fees on the Statement of Operations. For the period July 23, 2018 (date of inception) through December 31, 2018, the Company did not recognize any franchise fees.

The Company had $36,827 and $0 in deferred franchise fees recorded at December 31, 2019 and December 31, 2018.

At the time a new license agreement is signed with a licensee, the Company records the initial license fee as income and records all subsequent annual license fees as income in the year they are earned. The Company recognized $90,000 and $45,000 in license fee revenue for the year ended December 31, 2019 and for the period July 23, 2018 (date of inception) through December 31, 2018, respectively.

Royalty and Other Related Fees

Royalties from franchise locations are based on a percentage of revenue and are recognized in the period the related franchised sales occur. For the year ended December 31, 2019 and the period July 23, 2018 (date of inception) through December 31, 2018, the Company recognized $1,378,502 and $404,492 in royalty and other related fee revenue, respectively.

NOTE 4 – RELATED PARTY TRANSACTIONS

Thirty-eight Fat Tuesday and New Orleans Original Daiquiri locations are owned and operated by entities affiliated through common ownership to the Company.

One of the Company's affiliated entities is a supplier of certain proprietary items to Fat Tuesday and New Orleans Original Daiquiri locations. The Company receives a product commission equivalent to the markups imposed on the proprietary items sold to certain licensed and franchised locations by the affiliated entity in lieu of royalties. The total amount of product commissions received by the Company for the year ended December 31, 2019 and for the period July 23, 2018 (date of inception) through December 31, 2018 was $234,690 and $0, respectively, and is included in commission income on the related Statement of Operations.

The Company shares office space and certain employees with an entity affiliated through common control. For the year ended December 31, 2019 and the period July 23, 2018 (date of inception) through December 31, 2018, the Company did not incur any rent expense.

The Company occasionally pays money for certain items on behalf of entities under common control or ownership and is then reimbursed at a later date. At December 31, 2019 and December 31, 2018, $50,796 and $0, respectively, was due to the Company from entities under common control or ownership and is included within due from affiliates in the accompanying Balance Sheets.

NOTE 5 - CONTINGENCIES

From time to time, the Company could be subject to legal proceedings, claims and liabilities, which arise in the ordinary course of business relating to matters including, but not limited to, disputes with franchisees, suppliers, employees and customers, as well as disputes over the Company's intellectual property.

At December 31, 2019 and December 31, 2018, there were no pending cases against the Company.

NOTE 6 – FAIR VALUE

Disclosure of fair value information about financial instruments, whether or not recognized in the balance sheets is required. Fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is best determined based upon quoted market prices. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the instruments. Therefore, the aggregate fair value amounts presented do not represent the underlying value of the Company.

The recent fair value guidance provides a consistent definition of fair value, which focuses on exit price in an orderly transaction (that is, not a forced liquidation or distressed sale) between market participants at the measurement date under current market conditions. If there has been a significant decrease in the volume and level of activity for the asset or liability, a change in valuation technique or the use of multiple valuation techniques may be appropriate. In such instances, determining the price at which willing market participants would transact at the measurement date under current market conditions depends on the facts and circumstances and requires use of significant judgment. The fair value is a reasonable point within the range that is most representative of fair value under current market conditions.

In accordance with this guidance, the Company groups its financial assets and financial liabilities generally measured at fair value in three levels:

Level 1 – Observable inputs such as quoted prices in active markets;

Level 2 – Inputs, other than the quoted prices in active markets that are observable either directly or indirectly; and

Level 3 – Unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions.

At December 31, 2019 and December 31, 2018, the Company did not have any financial assets or liabilities to value.

NOTE 7 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date that the financial statements were available to be issued, March 23, 2020 and determined that there were no other items for disclosure.

UNAUDITED FINANCIAL STATEMENTS

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

DAQ, Inc.
Balance Sheet (Unaudited)
March 31, 2020

	3/31/20	12/31/19
ASSETS		
Current assets		
Cash	$ 353,766	$ 188,809
Accounts receivable:		
Royalties and license fees	105,276	124,082
Other	33,838	50,796
Prepaid expenses	5,500	10,563
Total current assets	498,380	374,250
Intangible assets, less accumlated amorization of $16,155	66,143	69,082
Total assets	$ 564,523	$ 443,332
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilites	$ 7,527	$ 29,611
Deferred Revenue	$ 76,649	$ 36,827
Total current liabilities	84,176	66,438
Total Liabilities	84,176	66,438
Stockholders' Equity		
Common stock, no par value;		
Shares authorized:100;		
Shares issued; 51		
Shares outstanding; 51	51	51
Additional paid-in-capital	165,527	165,527
Retained earnings	314,768	211,316
Total Stockholders' Equity	480,346	376,894
Total liabilities and stockholders' equity	$ 564,523	$ 443,332

DAQ, Inc.
Statement of Operations
For the period January 1, 2019 through March 31, 2020

	1/1/20 through 3/31/20
Revenues:	
Royalties and other related fees	$ 288,888
License and franchise fees	73,500
Other revenues	21,984
	384,372
Costs and expenses:	
Operating expenses	109,627
Payroll and related costs	99,114
Selling and marketing	69,175
Amortization expense	2,939
	280,855
Income from operations	103,517
Other income (expense)	
Interest expense	(64)
	(64)
Net income	$ 103,453

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Exhibit I State-Specific Disclosures

California Disclosure

In recognition of the requirements of the California Franchise Investment Law, Cal. Corp. Code §§ 31000-31516, and the California Franchise Relations Act, Cal. Bus. & Prof. Code §§ 20000-20043, the Franchise Disclosure Document for DAQ, Inc. in connection with the offer and sale of franchises for use in the State of California shall be amended to include the following:

1. The State Cover Page of the Franchise Disclosure Document shall be amended by the addition of the following paragraph:

> THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE FRANCHISE DISCLOSURE DOCUMENT.

2. Item 1, "The Franchisor, Its Predecessors, and Affiliates," shall be amended by adding the following paragraph at the conclusion of the Item:

> OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT, ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT at www.dbo.ca.gov.

3. In Item 3, "Litigation," shall be amended by adding the following paragraphs:

> Pursuant to California law, this Item does not include any information regarding the arrest of any person(s) that did not result in a conviction or plea of nolo contendere.
>
> Neither we, nor any person identified in Item 2 above, is subject to any currently effective order of any national securities association or national securities exchange (as defined in the Securities and Exchange Act of 1934, 15 U.S.C. § 78a, et seq.) suspending or expelling such person from membership in such association or exchange.

4. Item 5, "Initial Fees," and Item 7 “Estimated Initial Investment,” are amended by the addition of the following language:

> Based upon our financial condition, the State of California has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until we complete our pre-opening obligations to you under the Franchise Agreement. In addition, all development fees and initial payments by area developers shall be deferred until the first franchise under the Development Agreement opens.

5. In Item 6, “Other Fees,” Note 2 shall be supplemented with the following language:

> The highest interest rate allowed by law in California is 10% annually.

6. Item 17, "Renewal, Termination, Transfer and Dispute Resolution," shall be amended by adding the following paragraphs at the conclusion of the Item:

California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination, transfer or non-renewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control.

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

The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

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

The Franchise Agreement requires application of the laws of the State of Louisiana. This provision may not be enforceable under California law.

You must sign a general release if you renew or 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).

7. The Franchise Disclosure Document is amended to include the following:

Section 31125 of the California Corporations Code requires us to give you a disclosure document, in a form containing the information that the commissioner may by rule or order require, before a solicitation of a proposed material modification of an existing franchise.

8. The Franchise Disclosure Document is amended to include the following:

The earnings claims figures do not reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted from the gross revenue or gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your franchised business. Franchisees or former franchisees, listed in the disclosure document, may be one source of this information.

9. The Franchise Disclosure Document is amended to include the following:

You must comply with the requirements set forth in the Alcohol Beverage Control Act and the California Code of Regulations for the sale of alcoholic beverages.

Hawaii Disclosure

The following paragraphs are to be added in the state cover page:

THESE FRANCHISES WILL HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF SECURITIES, DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE COMMISSIONER OF SECURITIES, DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE, OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, WHICHEVER OCCURS FIRST, A COPY OF THE DISCLOSURE DOCUMENT, AND THIS ADDENDUM, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

THIS ADDENDUM AND THE DISCLOSURE DOCUMENT CONTAIN A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND FRANCHISEE.

The name and address of the Franchisor's agent in this state authorized to receive service of process is: Commissioner of Securities, Department of Commerce and Consumer Affairs, Business Registration Division, Securities Compliance Branch, 335 Merchant Street, Room 203, Honolulu, Hawaii 96813.

In recognition of the requirements of the Hawaii Franchise Investment Law, Hawaii Rev. Stat. §§ 482E, et seq., the Franchise Disclosure Document for DAQ, Inc. in connection with the offer and sale of franchises for use in the State of Hawaii shall be amended to include the following:

1. Item 5, "Initial Fees," and Item 7 “Estimated Initial Investment,” are amended by the addition of the following language:

> Based upon our financial condition, the State of Hawaii has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until we complete our pre-opening obligations to you under the Franchise Agreement. In addition, all development fees and initial payments by area developers shall be deferred until the first franchise under the Development Agreement opens.

2. Item 20 "List of Outlets," shall be amended by the addition of the following paragraph:

This proposed registration is effective/exempt from registration or will shortly be on file in California, Hawaii, Illinois, Indiana, Kentucky, Maryland, Michigan, Minnesota, Nebraska, New York, North Dakota, Rhode Island, South Dakota, Texas, Utah, Virginia, Washington, and Wisconsin. No states have refused, by order or otherwise, to register these franchises. No states have revoked or suspended the right to offer these franchises. The proposed registration of these franchises has not been involuntarily withdrawn in any state.

3. Each provision of this Addendum to the Disclosure Document shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Hawaii Franchise Investment Law, Hawaii Rev. Stat. §§ 482E, et seq., are met independently without reference to this Addendum to the Disclosure document.

Illinois Disclosure

In recognition of the requirements of the Illinois Franchise Disclosure Act, Ill. Comp. Stat. §§ 705/1 to 705/44, the Franchise Disclosure Document for DAQ, Inc. for use in the State of Illinois shall be amended as follows:

1. Item 17, "Renewal, Termination, Transfer and Dispute Resolution," shall be amended by the addition of the following:

> Illinois law governs the agreements between the parties to this franchise.
>
> Section 4 of the Illinois Franchise Disclosure Act provides that any provision in the franchise agreement that designates jurisdiction or venue outside of the State of Illinois is void. However, a franchise agreement/ may provide for arbitration outside of Illinois.
>
> Section 41 of the Illinois Franchise Disclosure Act provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.
>
> Your right upon termination and non-renewal of a franchise agreement are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.

2. Each provision of this addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Illinois Franchise Disclosure Act are met independently, without reference to this addendum.

Maryland Disclosure

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law, the Franchise Disclosure Document for DAQ, Inc. for use in the State of Maryland shall be amended as follows:

1. Item 5, "Initial Fees," and Item 7 “Estimated Initial Investment,” are amended by the addition of the following language:

> Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement. In addition, all development fees and initial payments by area developers shall be deferred until the first franchise under the development agreement opens.

2. Item 17, "Renewal, Termination, Transfer and Dispute Resolution," shall be amended by the addition of the following language:

> The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C. § 101 et seq.).
>
> The general release required as a condition of renewal, sale/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.
>
> A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.
>
> Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three (3) years after the grant of the franchise.

3. Exhibit K, “Franchisee Compliance Confirmation,” shall be amended by the addition of the following at the end of Exhibit K:

> All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

Michigan Disclosure

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

(A) A PROHIBITION ON THE RIGHT OF A FRANCHISEE TO JOIN AN ASSOCIATION OF FRANCHISEES.

(B) A REQUIREMENT THAT A FRANCHISEE ASSENT TO A RELEASE, ASSIGNMENT, NOVATION, WAIVER, OR ESTOPPEL WHICH DEPRIVES A FRANCHISEE OF RIGHTS AND PROTECTIONS PROVIDED IN THIS ACT. THIS SHALL NOT PRECLUDE A FRANCHISEE, AFTER ENTERING INTO A FRANCHISE AGREEMENT, FROM SETTLING ANY AND ALL CLAIMS.

(C) A PROVISION THAT PERMITS A FRANCHISOR TO TERMINATE A FRANCHISE PRIOR TO THE EXPIRATION OF ITS TERM EXCEPT FOR GOOD CAUSE. GOOD CAUSE SHALL INCLUDE THE FAILURE OF THE FRANCHISEE TO COMPLY WITH ANY LAWFUL PROVISIONS 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 FRANCHISED 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, MARKETING, OR OTHER COMMERCIAL SYMBOL IN THE SAME AREA SUBSEQUENT TO THE EXPIRATION OF THE FRANCHISE OR THE FRANCHISEE DOES NOT RECEIVE AT LEAST 6 MONTHS ADVANCE NOTICE OF FRANCHISOR'S INTENT NOT TO RENEW THE FRANCHISE.

(E) A PROVISION THAT PERMITS THE FRANCHISOR TO REFUSE TO RENEW A FRANCHISE ON TERMS GENERALLY AVAILABLE TO OTHER FRANCHISEES OF THE SAME CLASS OR TYPE UNDER SIMILAR CIRCUMSTANCES. THIS SECTION DOES NOT REQUIRE A RENEWAL PROVISION.

(F) A PROVISION REQUIRING THAT ARBITRATION OR LITIGATION BE CONDUCTED OUTSIDE THIS STATE. THIS SHALL NOT PRECLUDE THE FRANCHISEE FROM ENTERING INTO AN AGREEMENT, AT THE TIME OF ARBITRATION, TO CONDUCT ARBITRATION AT A LOCATION OUTSIDE THIS STATE.*

(G) A PROVISION WHICH PERMITS A FRANCHISOR TO REFUSE TO PERMIT A TRANSFER OF OWNERSHIP OF A FRANCHISE, EXCEPT FOR GOOD CAUSE. THIS SUBDIVISION DOES NOT PREVENT A FRANCHISOR FROM EXERCISING A RIGHT OF FIRST REFUSAL TO PURCHASE THE FRANCHISE. GOOD CAUSE SHALL INCLUDE, BUT IS NOT LIMITED TO:

(i) THE FAILURE OF THE PROPOSED FRANCHISEE TO MEET THE FRANCHISOR'S THEN CURRENT REASONABLE QUALIFICATIONS OR STANDARDS.

(ii) THE FACT THAT THE PROPOSED TRANSFEREE IS A COMPETITOR OF THE FRANCHISOR OR SUBFRANCHISOR.

(iii) THE UNWILLINGNESS OF THE PROPOSED TRANSFEREE TO AGREE IN WRITING TO COMPLY WITH ALL LAWFUL OBLIGATIONS.

(iv) THE FAILURE OF THE FRANCHISEE OR PROPOSED TRANSFEREE TO PAY ANY SUMS OWING TO THE FRANCHISOR OR TO CURE ANY DEFAULT IN THE FRANCHISE AGREEMENT EXISTING AT THE TIME OF THE PROPOSED TRANSFER.

(H) A PROVISION THAT REQUIRES THE FRANCHISEE TO RESELL TO THE FRANCHISOR ITEMS THAT ARE NOT UNIQUELY IDENTIFIED WITH THE FRANCHISOR. THIS SUBDIVISION DOES NOT PROHIBIT A PROVISION THAT GRANTS TO A FRANCHISOR A RIGHT OF FIRST REFUSAL TO PURCHASE THE ASSETS OF A FRANCHISE ON THE SAME TERMS AND CONDITIONS AS A BONA FIDE THIRD PARTY WILLING AND ABLE TO PURCHASE THOSE ASSETS, NOR DOES THIS SUBDIVISION PROHIBIT A PROVISION THAT GRANTS THE FRANCHISOR THE RIGHT TO ACQUIRE THE ASSETS OF A FRANCHISE FOR THE MARKET OR APPRAISED VALUE OF SUCH ASSETS IF THE FRANCHISEE HAS BREACHED THE LAWFUL PROVISIONS OF THE FRANCHISE AGREEMENT AND HAS FAILED TO CURE THE BREACH IN THE MANNER PROVIDED IN SUBDIVISION (C).

(I) A PROVISION WHICH PERMITS THE FRANCHISOR TO DIRECTLY OR INDIRECTLY CONVEY, ASSIGN, OR OTHERWISE TRANSFER ITS OBLIGATIONS TO FULFILL CONTRACTUAL OBLIGATIONS TO THE FRANCHISEE UNLESS PROVISION HAS BEEN MADE FOR PROVIDING THE REQUIRED CONTRACTUAL SERVICES.

*****

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

*****

IF THE FRANCHISOR'S MOST RECENT FINANCIAL STATEMENTS ARE UNAUDITED AND SHOW A NET WORTH OF LESS THAN $100,000.00, THE FRANCHISOR MUST, AT THE REQUEST OF THE 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 NAME AND ADDRESS OF THE FRANCHISOR'S AGENT IN THIS STATE AUTHORIZED TO RECEIVE SERVICE OF PROCESS IS: MICHIGAN DEPARTMENT OF COMMERCE, CORPORATION AND SECURITIES BUREAU, 6546 MERCANTILE WAY, P.O. BOX 30222, LANSING, MICHIGAN 48910.

ANY QUESTIONS REGARDING THIS NOTICE SHOULD BE DIRECTED TO:

DEPARTMENT OF THE ATTORNEY GENERAL'S OFFICE
CONSUMER PROTECTION DIVISION
ATTN: FRANCHISE
670 G. MENNEN WILLIAMS BUILDING
LANSING, MICHIGAN 48913

*NOTE: NOTWITHSTANDING PARAGRAPH (F) ABOVE, WE INTEND TO, AND YOU AGREE THAT WE AND YOU WILL, ENFORCE FULLY THE PROVISIONS OF THE ARBITRATION SECTION OF OUR AGREEMENTS. WE BELIEVE THAT PARAGRAPH (F) IS UNCONSTITUTIONAL AND CANNOT PRECLUDE US FROM ENFORCING THE ARBITRATION PROVISIONS UNDER THE FEDERAL ARBITRATION ACT.

Minnesota Disclosure

In recognition of the requirements of the Minnesota Franchises Law, Minn. Stat. §§ 80C.01 through 80C.22, and of the Rules and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce, Minn. Rules §§ 2860.0100 through 2860.9930, the Franchise Disclosure Document for DAQ, Inc. for use in the State of Minnesota shall be amended to include the following:

1. Item 13 is amended by the addition of the following language:

   The franchisor will protect the franchisee's right to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suite or demand regarding the use of the name.

2. Item 17, "Renewal, Termination, Transfer and Dispute Resolution," shall be amended by the addition of the following paragraphs:

   With respect to franchisees governed by Minnesota law, we will comply with Minn. Stat. § 80C.14, Subds. 3, 4, and 5 which require, except in certain specified cases, that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice of non-renewal of the Franchise Agreement, and that consent to the transfer of the franchise not be unreasonably withheld.

   Pursuant to Minn. Rule 2860.4400D, any general release of claims that you or a transferor may have against us or our shareholders, directors, employees and agents, including without limitation claims arising under federal, state, and local laws and regulations shall exclude claims you or a transferor may have under the Minnesota Franchise Law and the Rules and Regulations promulgated thereunder by the Commissioner of Commerce.

   Minn. Stat. § 80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring you to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the disclosure document or agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to jury trial, any procedure, forum, or remedies as may be provided for by the laws of the jurisdiction.

   Minn. Stat. § 80C.17 prohibits any action from being commenced under the Minnesota Franchises Law more than three years after the cause of action accrues.

3. Each provision of this addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Minnesota Franchises Law or the Rules and Regulations promulgated thereunder by the Minnesota Commission of Commerce are met independently without reference to this addendum to the disclosure document.

New York Disclosure

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

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT C OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, INVESTOR PROTECTION BUREAU 28 LIBERTY STREET, 21ST FLOOR, NEW YORK, NY 10005.

THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

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

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

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

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

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

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

3. The following is added to the end of Item 4:

Neither the franchisor, its affiliate, its predecessor, officers, or general partner during the 10-year period immediately before the date of the offering circular: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after that officer or general partner of the franchisor held this position in the company or partnership.

4. The following is added to the end of Item 5:

The initial franchise fee constitutes part of our general operating funds and will be used as such in our discretion.

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

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

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

You may terminate the agreement on any grounds available by law.

7. The following is added to the end of the "Summary" section of Item 17(j), titled "**Assignment of contract by franchisor"**:

However, no assignment will be made except to an assignee who in good faith and

judgment of the franchisor, is willing and financially able to assume the franchisor's obligations under the Franchise Agreement.

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

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

STATEMENT OF DISCLOSURE DOCUMENT ACCURACY

THE FRANCHISOR REPRESENTS THAT THIS DISCLOSURE DOCUMENT DOES NOT KNOWINGLY OMIT ANY MATERIAL FACT OR CONTAIN ANY UNTRUE STATEMENT OF A MATERIAL FACT.

North Dakota Disclosure

In recognition of the requirements of the North Dakota Franchise Investment Law, N.D. Cent. Code, §§ 51-19-01 through 51-19-17, and the policies of the office of the State of North Dakota Securities Commission, the Franchise Disclosure Document for DAQ, Inc. shall be amended by the addition of the following language:

1. The North Dakota Securities Commissioner has held the following to be unfair, unjust, or inequitable to North Dakota franchisees (Section 51-19-09, N.D.C.C.):

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

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

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

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

E. Applicable Laws: Franchise agreements which specify that any claims arising under the North Dakota franchise law will be governed by the laws of a state other than North Dakota.

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

G. Waiver of Exemplary and Punitive Damages: Requiring North Dakota franchisees to consent to a waiver of exemplary and punitive damages.

H. General Release: Requiring North Dakota franchisees to execute a general release of claims as a condition of renewal or transfer of a franchise.

I. Limitation on Claims. Requiring North Dakota franchisees to consent to a limitation on when claims may be brought.

Rhode Island Disclosure

In recognition of the requirements of the Rhode Island Franchise Investment Act, §§ 19-28.1-1 through 19-28.1-34 the Franchise Disclosure Document for DAQ, Inc. for use in the State of Rhode Island shall be amended to include the following:

1. Item 17, "Renewal, Termination, Transfer and Dispute Resolution," shall be amended by the addition of the following:

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

2. This addendum to the disclosure document shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Rhode Island Franchise Investment Act, §§ 19-28.1-1 through 19-28.1-34, are met independently without reference to this addendum to the disclosure document.

Virginia Disclosure

In recognition of the requirements contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document of DAQ, Inc. is amended as follows:

Item 5, “Initial Fees,” and Item 7, “Estimated Initial Investment,” shall be amended by the addition of the following language:

> The Virginia State Corporation Commission’s Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and all other initial payments owed by franchisees to us until we have completed our pre-opening obligations under the Franchise Agreement.

Item 17, Additional Disclosure. The following statements are added to Item 17.h:

> According to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the franchise agreement and development agreement does not constitute “reasonable cause,” as that the term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, the provision may not be enforceable.
>
> According to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee to surrender any right given to him under the franchise. If any provision of the Franchise Agreement involves the use of undue influence by the franchisor to induce a franchisee to surrender any rights given to him under the franchise, that provision may not be enforceable.

This addendum to the disclosure document will be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Virginia Retail Franchise Act are met independently without reference to this addendum to the Disclosure Document.

Washington Disclosure

In recognition of the requirements of the Washington Franchise Investment Protection Act, Wash. Rev. Code §§ 19.100.180, the Franchise Disclosure Document for DAQ, Inc. in connection with the offer and sale of franchises for use in the State of Washington shall be amended to include the following:

1. Item 17(d), "Renewal, Termination, Transfer and Dispute Resolution," shall be amended by the addition of the following statement:

Franchisees may terminate under any grounds permitted by law.

2. Item 17, "Renewal, Termination, Transfer and Dispute Resolution," shall be amended by the addition of the following paragraphs at the conclusion of the Item:

The state of Washington has a statute, RCW 19.100.180, which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

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

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

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

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

3. Each provision of this addendum to the disclosure document shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Washington Franchise Investment Protection Act, Wash. Rev. Code §§ 19.100.180, are met independently without reference to this addendum to the disclosure document.

Exhibit J: State-Specific Amendments

California Franchise Agreement Amendment

In recognition of the requirements of the California Franchise Investment Law, Cal. Corp. Code §§ 31000-31516, and the California Franchise Relations Act, Cal. Bus. & Prof. Code §§ 20000-20043, the parties to the attached DAQ, Inc. Franchise Agreement (the "Agreement") agree as follows:

1. Section 4.1 of the Agreement, under the heading, “Initial Franchise Fee,” shall be deleted in its entirety and replaced with the following:

> 4.1 *Initial Franchise Fee*. You agree to pay us an initial franchise fee of Twenty Thousand Dollars ($20,000) (the “Initial Franchise Fee”). The initial franchise fee will be due and must be paid on the date when you first open for business and we have met our pre-opening obligations to you. The Initial Franchise Fee is not refundable in consideration of administrative and other expenses that we incur in granting this franchise and for our lost or deferred opportunity to grant a franchise to other parties.

2. Each provision of this amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the California Franchise Investment Law are met independently without reference to this amendment.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this California amendment to the Franchise Agreement on the same date as the Franchise Agreement was executed.

DAQ, Inc. Franchisor	_____ Franchisee Entity
By:_____	By:_____
Name:_____	Name:_____
Title:_____	Title:_____

California Area Development Agreement Amendment

In recognition of the requirements of the California Franchise Investment Law, Cal. Corp. Code §§ 31000-31516, and the California Franchise Relations Act, Cal. Bus. & Prof. Code §§ 20000-20043, the parties to the attached DAQ, Inc. Area Development Agreement (the "Agreement") agree as follows:

1. Section 4.1 of the Agreement, under the heading, “Fees,” shall be deleted in its entirety and replaced with the following:

> 4.1 In consideration of the development rights granted in this Agreement, you agree to pay us, on the date when your first Location under this Agreement opens for business and we have met our pre-opening obligations to you, a development fee in the amount of _____ ($_____) (the “**Development Fee**”), which represents Ten Thousand Dollars ($10,000) multiplied by the number of Locations you agree to open under this Agreement (which is _____ (____)).

2. Each provision of this amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the California Franchise Investment Law are met independently without reference to this amendment.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this California amendment to the Area Development Agreement on the same date as the Area Development Agreement was executed.

DAQ, Inc. Franchisor	_____ Developer Entity
By:_____	By:_____
Name:_____	Name:_____
Title:_____	Title:_____

Hawaii Franchise Agreement Amendment

In recognition of the requirements of the Hawaii Franchise Investment Law, Hawaii Rev. Stat. §§ 482E, et seq., the parties to the attached DAQ, Inc. Franchise Agreement (the "Agreement") agree as follows:

1. Section 4.1 of the Agreement, under the heading, “Initial Franchise Fee,” shall be deleted in its entirety and replaced with the following:

> 4.1 *Initial Franchise Fee*. You agree to pay us an initial franchise fee of Twenty Thousand Dollars ($20,000) (the “Initial Franchise Fee”). The initial franchise fee will be due and must be paid on the date when you first open for business and we have met our pre-opening obligations to you. The Initial Franchise Fee is not refundable in consideration of administrative and other expenses that we incur in granting this franchise and for our lost or deferred opportunity to grant a franchise to other parties.

2. Each provision of this amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Hawaii Franchise Investment Law, Hawaii Rev. Stat. §§ 482E, et seq., are met independently without reference to this amendment.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Hawaii amendment to the Franchise Agreement on the same date as the Franchise Agreement was executed.

DAQ, Inc. Franchisor	_____ Franchisee Entity
By:_____	By:_____
Name:_____	Name:_____
Title:_____	Title:_____

Hawaii Area Development Agreement Amendment

In recognition of the requirements of the Hawaii Franchise Investment Law, Hawaii Rev. Stat. §§ 482E, et seq., the parties to the attached DAQ, Inc. Area Development Agreement (the "Agreement") agree as follows

1. Section 4.1 of the Agreement, under the heading, “Fees,” shall be deleted in its entirety and replaced with the following:

> 4.1 In consideration of the development rights granted in this Agreement, you agree to pay us, on the date when your first Location under this Agreement opens for business and we have met our pre-opening obligations to you, a development fee in the amount of _____ ($_____) (the “**Development Fee**”), which represents Ten Thousand Dollars ($10,000) multiplied by the number of Locations you agree to open under this Agreement (which is _____ (____)).

2. Each provision of this amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Hawaii Franchise Investment Law, Hawaii Rev. Stat. §§ 482E, et seq., are met independently without reference to this amendment.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Hawaii amendment to the Area Development Agreement on the same date as the Area Development Agreement was executed.

DAQ, Inc. Franchisor	_____ Developer Entity
By:_____	By:_____
Name:_____	Name:_____
Title:_____	Title:_____

Illinois Franchise Agreement Amendment

In recognition of the requirements of the Illinois Franchise Disclosure Act, Ill. Comp. Stat. §§ 705/1 to 705/44, the parties to the attached DAQ, Inc. Franchise Agreement (the "Agreement") agree as follows:

> Illinois law governs the agreements between the parties to this franchise.
>
> Section 4 of the Illinois Franchise Disclosure Act provides that any provision in the franchise agreement that designates jurisdiction or venue outside of the State of Illinois is void. However, a franchise agreement/ may provide for arbitration outside of Illinois.
>
> Section 41 of the Illinois Franchise Disclosure Act provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.
>
> Your right upon termination and non-renewal of a franchise agreement are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.

Each provision of this amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Illinois Franchise Disclosure Act are met independently without reference to this amendment.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Illinois amendment to the Franchise Agreement on the same date as the Franchise Agreement was executed.

DAQ, Inc. Franchisor	_____ Franchisee Entity
By:_____	By:_____
Name:_____	Name:_____
Title:_____	Title:_____

Illinois Development Agreement Amendment

In recognition of the requirements of the Illinois Franchise Disclosure Act, Ill. Comp. Stat. §§ 705/1 to 705/44, the parties to the attached DAQ, Inc. Development Agreement (the "Agreement") agree as follows:

Illinois law governs the agreements between the parties to this franchise.

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

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

You right upon termination and non-renewal of a franchise agreement are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.

Each provision of this amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Illinois Franchise Disclosure Act are met independently without reference to this amendment.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Illinois amendment to the Development Agreement on the same date as the Development Agreement was executed.

DAQ, Inc. Franchisor	_____ Developer Entity
By:_____	By:_____
Name:_____	Name:_____
Title:_____	Title:_____

Maryland Franchise Agreement Amendment

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law, the parties to the attached DAQ, Inc. Franchise Agreement (the "Agreement") agree as follows:

1. Section 2.2.7 of the Agreement, under the heading "Term And Renewal," shall be amended by the addition of the following:

> The general release required as a condition of renewal, sale/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

2. Section 4.1 of the Agreement, under the heading, “Initial Franchise Fee,” shall be deleted in its entirety and replaced with the following:

> 4.1 Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement. In addition, all development fees and initial payments by area developers shall be deferred until the first franchise under the development agreement opens.

3. Section 16.5.1 of the Agreement, under the heading "Transfer of Interest," shall be amended by the addition of the following:

> The general release required as a condition of renewal, sale/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

4. Sections 27.2 and 27.7 of the Agreement, under the heading "Governing Law and Dispute Resolution," shall be amended by the addition of the following:

> A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.
>
> Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three (3) years after the grant of the franchise.

5. Section 28 of the Agreement, under the heading "Acknowledgments," shall be amended by the addition of the following sections:

> 28.14 The general release required as a condition of renewal, sale/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.
>
> 28.15 All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

28.16 The Franchisee Compliance Confirmation is not intended to, and shall not act, as a release, estoppel or waiver of any liability under the Maryland Franchise Registration and Disclosure Law.

6. Each provision of this amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law are met independently without reference to this amendment.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Maryland amendment to the Franchise Agreement on the same date as the Franchise Agreement was executed.

DAQ, Inc. Franchisor	_____ Franchisee Entity
By:_____	By:_____
Name:_____	Name:_____
Title:_____	Title:_____

Maryland Area Development Agreement Amendment

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law, the parties to the attached DAQ, Inc. Area Development Agreement (the "Agreement") agree as follows:

1. Section 4.1 of the Agreement, under the heading, “Fees,” shall be deleted in its entirety and replaced with the following:

> 4.1 Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement. In addition, all development fees and initial payments by area developers shall be deferred until the first franchise under the development agreement opens.

2. The Agreement is amended to include the following:

> A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.
>
> Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three (3) years after the grant of the franchise.
>
> The general release required as a condition of renewal, sale/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.
>
> All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.
>
> The Franchisee Compliance Certification is not intended to, and shall not act, as a release, estoppel or waiver of any liability under the Maryland Franchise Registration and Disclosure Law.

Each provision of this amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law are met independently without reference to this amendment.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Maryland amendment to the Area Development Agreement on the same date as the Area Development Agreement was executed.

DAQ, Inc. Franchisor	_____ Developer Entity
By:_____	By:_____
Name:_____	Name:_____
Title:_____	Title:_____

Minnesota Franchise Agreement Amendment

In recognition of the requirements of the Minnesota Franchises Law, Minn. Stat. §§ 80C.01 through 80C.22, and of the Rules and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce, Minn. Rules §§ 2860.0100 through 2860.9930, the parties to the attached DAQ, Inc. Franchise Agreement (the "Agreement") agree as follows:

1. Section 2.2.7 of the Agreement, under the heading "Term And Renewal," shall be deleted in its entirety and shall have no force or effect, and the following paragraph shall be inserted in its place:

> 2.2.7 You must sign and deliver to us a release, in a form that we will provide (which will be a mutual release with limited exclusions), which will release all claims against us and our affiliates, and our respective officers, directors, agents, and employees. If you are an entity, then your affiliates and your direct and indirect owners (and any other parties that we reasonably request) must also sign and deliver that release to us, excluding only such claims as you may have that have arisen under the Minnesota Franchises Law and the Rules and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce.

2. Section 2 of the Agreement, under the heading "Term And Renewal," shall be amended by the addition of the following paragraph:

> Minnesota law provides franchisees with certain non-renewal rights. In sum, Minn. Stat. § 80C.14 (subd. 4) currently requires, except in certain specified cases, that a franchisee be given 180 days' notice of non-renewal of the Franchise Agreement.

3. Section 9 of the Agreement, under the heading "Proprietary Marks," shall be amended by the addition of the following paragraph:

> Pursuant to Minnesota Stat. Sec. 80C.12, Subd. 1(g), we are required to protect any rights you may have to our Proprietary Marks.

4. Section 16.5.1 of the Agreement, under the heading "Transfer of Interest," shall be deleted in its entirety and shall have no force or effect, and the following paragraph shall be inserted in its place:

> 16.5.1 The transferor must have executed a general release, in a form satisfactory to us, of any and all claims against us and our affiliates, successors, and assigns, and their respective directors, officers, shareholders, partners, agents, representatives, servants, and employees in their corporate and individual capacities including, without limitation, claims arising under this Agreement, any other agreement between you and us, and/or our respective affiliates, and federal, state, and local laws and rules, excluding only such claims as the transferor may have under the Minnesota Franchises Law and the Rules and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce.

5. Section 16 of the Agreement, under the heading "Transfer of Interest," shall be amended by the addition of the following paragraph:

> Minnesota law provides franchisees with certain transfer rights. In sum, Minn. Stat. §80C.14 (subd. 5) currently requires that consent to the transfer of the franchise may not be unreasonably withheld.

6. Section 17 of the Agreement, under the heading "Default and Termination," shall be amended by the addition of the following paragraph:

> Minnesota law provides franchisees with certain termination rights. In sum, Minn. Stat. § 80C.14 (subd. 3) currently requires, except in certain specified cases, that a franchisee be given 90 days' notice of termination (with 60 days to cure) of the Franchise Agreement.

7. Section 18.8 of the Agreement, under the heading "Obligations upon Termination or Expiration," shall be deleted in its entirety and shall have no force or effect; and the following paragraph shall be substituted in its place:

> 18.8 *Pay Damages*. You agree to pay us all damages, costs, and expenses (including without limitation reasonable attorneys' fees, court costs, discovery costs, and all other related expenses) that we incur as a result of your default under this Agreement and/or subsequent to the termination or expiration of this Agreement in seeking injunctive or other relief for the enforcement of any provisions of this Section 18.

8. Sections 27.5 and 27.9 of the Agreement, under the heading "Governing Law and Dispute Resolution," shall be deleted in their entirety and shall have no force or effect; and the following paragraphs shall be substituted in its place:

> 27.5 *Injunctions*. Nothing contained in this Agreement shall bar our right to seek injunctive relief against threatened conduct that will cause us loss or damages, under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary injunctions.
>
> 27.10 *Payment of Legal Fees*. You agree to pay us all damages, costs and expenses (including without limitation reasonable attorneys' fees, court costs, discovery costs, and all other related expenses) that we incur after the termination or expiration of the franchise granted under this Agreement in: (a) seeking injunctive or other relief for the enforcement of any provisions of this Agreement (including without limitation Sections 9 and 17 above); and/or (b) successfully defending a claim from you that we misrepresented the terms of this Agreement, fraudulently induced you to sign this Agreement, that the provisions of this Agreement are not fair, were not properly entered into, and/or that the terms of this Agreement (as it may be amended by its terms) do not exclusively govern the parties' relationship.

9. Section 27 of the Agreement, under the heading "Governing Law and Dispute Resolution", shall be amended by the following new paragraph 27.11, which shall be considered an integral part of the Agreement:

27.11 Minn. Stat. § 80C.17 prohibits any action from being commenced under the Minnesota Franchises Law more than three years after the cause of action accrues. Minn. Stat. § 80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring you to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the disclosure document or agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to jury trial, any procedure, forum, or remedies as may be provided for by the laws of the jurisdiction.

10. Each provision of this Agreement shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Minnesota Franchises Law or the Rules and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce are met independently without reference to this addendum to the Agreement.

N WITNESS WHEREOF, the parties hereto have duly executed, and delivered this Minnesota amendment to the Franchise Agreement on the same date as the Franchise Agreement was executed.

DAQ, Inc. Franchisor	_____ Franchisee Entity
By:_____	By:_____
Name:_____	Name:_____
Title:_____	Title:_____

Minnesota Development Agreement Amendment

In recognition of the requirements of the Minnesota Franchises Law, Minn. Stat. §§ 80C.01 through 80C.22, and of the Rules and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce, Minn. Rules §§ 2860.0100 through 2860.9930, the parties to the attached DAQ, Inc. Development Agreement (the "Agreement") agree as follows:

Minnesota law provides franchisees with certain non-renewal rights. In sum, Minn. Stat. § 80C.14 (subd. 4) currently requires, except in certain specified cases, that a franchisee be given 180 days' notice of non-renewal of the Franchise Agreement.

Minnesota law provides franchisees with certain transfer rights. In sum, Minn. Stat. §80C.14 (subd. 5) currently requires that consent to the transfer of the franchise may not be unreasonably withheld.

Minnesota law provides franchisees with certain termination rights. In sum, Minn. Stat. § 80C.14 (subd. 3) currently requires, except in certain specified cases, that a franchisee be given 90 days' notice of termination (with 60 days to cure) of the Franchise Agreement.

Minn. Stat. § 80C.17 prohibits any action from being commenced under the Minnesota Franchises Law more than three years after the cause of action accrues. Minn. Stat. § 80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring you to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the disclosure document or agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to jury trial, any procedure, forum, or remedies as may be provided for by the laws of the jurisdiction.

Each provision of this Agreement shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Minnesota Franchises Law or the Rules and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce are met independently without reference to this addendum to the Agreement.

N WITNESS WHEREOF, the parties hereto have duly executed, and delivered this Minnesota amendment to the Development Agreement on the same date as the Development Agreement was executed.

DAQ, Inc. Franchisor	_____ Developer Entity
By:_____	By:_____
Name:_____	Name:_____
Title:_____	Title:_____

New York Franchise Agreement Amendment

In recognition of the requirements of the New York General Business Law, Article 33, Sections 680 through 695, and of the regulations promulgated thereunder (N.Y. Comp. Code R. & Regs., tit. 13, §§ 200.1 through 201.16), the parties to the attached DAQ, Inc. Franchise Agreement (the "Agreement") agree as follows:

1. Section 2.2.7 of the Agreement, under the heading "Term And Renewal," shall be deleted in its entirety, and shall have no force or effect; and the following paragraph shall be substituted in its place:

> 2.2.7 You must sign and deliver to us a release, in a form that we will provide (which will be a mutual release with limited exclusions), which will release all claims against us and our affiliates, and our respective officers, directors, agents, and employees. If you are an entity, then your affiliates and your direct and indirect owners (and any other parties that we reasonably request) must also sign and deliver that release to us, provided, however, that all rights enjoyed by you and any causes of action arising in your favor from the provisions of New York General Business Law Sections 680-695 and the regulations issued thereunder, shall remain in force; it being the intent of this provision that the non-waiver provisions of N.Y. Gen. Bus. Law Sections 687.4 and 687.5 be satisfied; and

2. Section 16.5.1 of the Agreement, under the heading "Transfer of Interest," shall be deleted in its entirety, and shall have no force or effect; and the following paragraph shall be substituted in its place:

> 16.5.1 The transferor must have executed a general release, in a form satisfactory to us, of any and all claims against us and our affiliates, successors, and assigns, and their respective directors, officers, shareholders, partners, agents, representatives, servants, and employees in their corporate and individual capacities including, without limitation, claims arising under this Agreement, any other agreement between you and us, and/or our respective affiliates, and federal, state, and local laws and rules, provided, however, that all rights enjoyed by the transferor and any causes of action arising in its favor from the provisions of New York General Business Law Sections 680-695 and the regulations issued thereunder, shall remain in force; it being the intent of this provision that the non-waiver provisions of N.Y. Gen. Bus. Law Sections 687.4 and 687.5 be satisfied;

3. Section 18.8 of the Agreement, under the heading "Obligations upon Termination or Expiration," shall be deleted in its entirety and shall have no force or effect; and the following paragraph shall be substituted in its place:

> 18.8 *Pay Damages*. You agree to pay us all damages, costs, and expenses (including without limitation reasonable attorneys' fees, court costs, discovery costs, and all other related expenses) that we incur as a result of your default under this Agreement and/or subsequent to the termination or expiration of this Agreement in seeking injunctive or other relief for the enforcement of any provisions of this Section 18.

4. Sections 27.5 and 27.9 of the Agreement, under the heading "Applicable Law and Dispute Resolution," shall be deleted in their entirety and shall have no force or effect; and the following paragraphs shall be substituted in its place:

27.5 *Injunctions*. Nothing contained in this Agreement shall bar our right to seek injunctive relief against threatened conduct that will cause us loss or damages, under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary injunctions.

27.9 *Payment of Legal Fees*. You agree to pay us all damages, costs and expenses (including without limitation reasonable attorneys' fees, court costs, discovery costs, and all other related expenses) that we incur after the termination or expiration of the franchise granted under this Agreement in: (a) seeking injunctive or other relief for the enforcement of any provisions of this Agreement (including without limitation Sections 9 and 17 above); and/or (b) successfully defending a claim from you that we misrepresented the terms of this Agreement, fraudulently induced you to sign this Agreement, that the provisions of this Agreement are not fair, were not properly entered into, and/or that the terms of this Agreement (as it may be amended by its terms) do not exclusively govern the parties' relationship.

5. Section 27 of the Agreement, under the heading "Governing Law and Dispute Resolution," shall be amended by the addition of the following paragraph:

Nothing in this Agreement should be considered a waiver of any right conferred upon you by New York General Business Law, Sections 680-695.

6. There are circumstances in which an offering made by us would not fall within the scope of the New York General Business Law, Article 33, such as when the offer and acceptance occurred outside the state of New York. However, an offer or sale is deemed made in New York if you are domiciled in or the franchise will be opening in New York. We are required to furnish a New York prospectus to every prospective franchisee who is protected under the New York General Business Law, Article 33.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this New York amendment to the Franchise Agreement on the same date as the Franchise Agreement was executed.

DAQ, Inc. Franchisor	_____ Franchisee Entity
By:_____	By:_____
Name:_____	Name:_____
Title:_____	Title:_____

New York Development Agreement Amendment

In recognition of the requirements of the New York General Business Law, Article 33, Sections 680 through 695, and of the regulations promulgated thereunder (N.Y. Comp. Code R. & Regs., tit. 13, §§ 200.1 through 201.16), the parties to the attached DAQ, Inc. Development Agreement (the "Agreement") agree as follows:

> Nothing in this Agreement should be considered a waiver of any right conferred upon you by New York General Business Law, Sections 680-695.

There are circumstances in which an offering made by us would not fall within the scope of the New York General Business Law, Article 33, such as when the offer and acceptance occurred outside the state of New York. However, an offer or sale is deemed made in New York if you are domiciled in or the franchise will be opening in New York. We are required to furnish a New York prospectus to every prospective franchisee who is protected under the New York General Business Law, Article 33.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this New York amendment to the Development Agreement on the same date as the Development Agreement was executed.

DAQ, Inc. Franchisor	_____ Developer Entity
By:_____	By:_____
Name:_____	Name:_____
Title:_____	Title:_____

North Dakota Franchise Agreement Amendment

In recognition of the requirements of the North Dakota Franchise Investment Law, N.D. Cent. Code, §§ 51-19-01 through 51-19-17, and the policies of the office of the State of North Dakota Securities Commission, the parties to the attached DAQ, Inc. Franchise Agreement (the "Agreement") agree as follows:

1. The Agreement shall be amended by the addition of the following Section 29:

29. The parties acknowledge and agree that they have been advised that the North Dakota Securities Commissioner has determined the following agreement provisions are unfair, unjust or inequitable to North Dakota franchisees:

A. Restrictive Covenants: Any provision which discloses the existence of covenants restricting competition contrary to Section 9-08-06, N.D.C.C., without further disclosing that such covenants will be subject to this statute.

B. Situs of Arbitration Proceedings: Any provision requiring that the parties must agree to arbitrate disputes at a location that is remote from the site of the franchisee's business.

C. Restriction on Forum: Any provision requiring North Dakota franchisees to consent to the jurisdiction of courts outside of North Dakota.

D. Liquidated Damages and Termination Penalties: Any provision requiring North Dakota franchisees to consent to liquidated damages or termination penalties.

E. Applicable Laws: Any provision which specifies that any claims arising under the North Dakota franchise law will be governed by the laws of a state other than North Dakota.

F. Waiver of Trial by Jury: Any provision requiring North Dakota franchisees to consent to the waiver of a trial by jury.

G. Waiver of Exemplary and Punitive Damages: Any provision requiring North Dakota franchisees to consent to a waiver of exemplary and punitive damages.

H. General Release: Any provision requiring North Dakota franchisees to execute a general release of claims as a condition of renewal or transfer of a franchise.

I. Limitation on Claims. Requiring North Dakota franchisees to consent to a limitation on when claims may be brought.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this North Dakota Amendment to the Franchise Agreement on the same date as the Franchise Agreement was executed.

DAQ, Inc. Franchisor	_____ Franchisee Entity
By:_____	By:_____
Name:_____	Name:_____
Title:_____	Title:_____

North Dakota Development Agreement Amendment

In recognition of the requirements of the North Dakota Franchise Investment Law, N.D. Cent. Code, §§ 51-19-01 through 51-19-17, and the policies of the office of the State of North Dakota Securities Commission, the parties to the attached DAQ, Inc. Development Agreement (the "Agreement") agree as follows:

The Agreement shall be amended by the addition of the following Section 17:

17. The parties acknowledge and agree that they have been advised that the North Dakota Securities Commissioner has determined the following agreement provisions are unfair, unjust or inequitable to North Dakota franchisees:

A. Restrictive Covenants: Any provision which discloses the existence of covenants restricting competition contrary to Section 9-08-06, N.D.C.C., without further disclosing that such covenants will be subject to this statute.

B. Situs of Arbitration Proceedings: Any provision requiring that the parties must agree to arbitrate disputes at a location that is remote from the site of the franchisee's business.

C. Restriction on Forum: Any provision requiring North Dakota franchisees to consent to the jurisdiction of courts outside of North Dakota.

D. Liquidated Damages and Termination Penalties: Any provision requiring North Dakota franchisees to consent to liquidated damages or termination penalties.

E. Applicable Laws: Any provision which specifies that any claims arising under the North Dakota franchise law will be governed by the laws of a state other than North Dakota.

F. Waiver of Trial by Jury: Any provision requiring North Dakota franchisees to consent to the waiver of a trial by jury.

G. Waiver of Exemplary and Punitive Damages: Any provision requiring North Dakota franchisees to consent to a waiver of exemplary and punitive damages.

H. General Release: Any provision requiring North Dakota franchisees to execute a general release of claims as a condition of renewal or transfer of a franchise.

I. Limitation on Claims. Requiring North Dakota franchisees to consent to a limitation on when claims may be brought.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this North Dakota Amendment to the Development Agreement on the same date as the Development Agreement was executed.

DAQ, Inc. Franchisor	_____ Developer Entity
By:_____	By:_____
Name:_____	Name:_____
Title:_____	Title:_____

Rhode Island Franchise Agreement Amendment

In recognition of the requirements of the Rhode Island Franchise Investment Act, §§ 19-28.1-1 through 19-28.1-34, the parties to the attached DAQ, Inc. Franchise Agreement (the "Agreement") agree as follows:

1. Section 27 of the Agreement, under the heading "Governing Law and Dispute Resolution," shall be amended by the addition of the following paragraph:

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

2. This amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Rhode Island Franchise Investment Act, §§ 19-28.1-1 through 19-28.1-34, are met independently without reference to this amendment.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Rhode Island Amendment to the Franchise Agreement on the same date as the Franchise Agreement was executed.

DAQ, Inc. Franchisor	_____ Franchisee Entity
By:_____	By:_____
Name:_____	Name:_____
Title:_____	Title:_____

Rhode Island Development Agreement Amendment

In recognition of the requirements of the Rhode Island Franchise Investment Act, §§ 19-28.1-1 through 19-28.1-34, the parties to the attached DAQ, Inc. Development Agreement (the "Agreement") agree as follows:

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

This amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Rhode Island Franchise Investment Act, §§ 19-28.1-1 through 19-28.1-34, are met independently without reference to this amendment.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Rhode Island Amendment to the Development Agreement on the same date as the Development Agreement was executed.

DAQ, Inc. Franchisor	_____ Developer Entity
By:_____	By:_____
Name:_____	Name:_____
Title:_____	Title:_____

Virginia Franchise Agreement Amendment

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the parties to the attached DAQ, Inc. Franchise Agreement (the "Agreement") agree as follows:

1. Section 4.1 of the Agreement, "Initial Franchise Fee," shall be amended by the addition of the following language:

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

Each provision of this amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Virginia Retail Franchising Act are met independently without reference to this amendment.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Virginia Amendment to the Franchise Agreement on the same date as the Franchise Agreement was executed.

DAQ, Inc. Franchisor	_____ Franchisee Entity
By:_____	By:_____
Name:_____	Name:_____
Title:_____	Title:_____

Washington Franchise Agreement Amendment

In recognition of the requirements of the Washington Franchise Investment Protection Act, Wash. Rev. Code §§ 19.100.010 through 19.100.940, the parties to the attached DAQ, Inc. Franchise Agreement agree as follows:

1. The state of Washington has a statute, RCW 19.100.180, which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

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

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

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

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

6. Each provision of this amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Washington Franchise Investment Protection Act, Wash. Rev. Code §§ 19.100.010 through 19.100.940, are met independently without reference to this amendment.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Washington amendment to the Franchise Agreement on the same date as the Franchise Agreement was executed.

DAQ, Inc. Franchisor	_____ Franchisee Entity
By:_____	By:_____
Name:_____	Name:_____
Title:_____	Title:_____

Washington Development Agreement Amendment

In recognition of the requirements of the Washington Franchise Investment Protection Act, Wash. Rev. Code §§ 19.100.010 through 19.100.940, the parties to the attached DAQ, Inc. Development Agreement agree as follows:

1. The state of Washington has a statute, RCW 19.100.180, which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

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

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

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

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

6. Each provision of this amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Washington Franchise Investment Protection Act, Wash. Rev. Code §§ 19.100.010 through 19.100.940, are met independently without reference to this amendment.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Washington amendment to the Development Agreement on the same date as the Development Agreement was executed.

DAQ, Inc. Franchisor	_____ Developer Entity
By:_____	By:_____
Name:_____	Name:_____
Title:_____	Title:_____

Exhibit K: **DAQ, Inc.**

Franchisee Compliance Confirmation

As you know, you and DAQ, Inc. (the "**Franchisor**" or "**we**" or "**our**" (as the case may be)) are preparing to enter into a Franchise Agreement for the establishment and operation of a "Fat Tuesday" franchised business. The purpose of this Confirmation is to determine whether any statements or promises were made to you that we have not authorized and that may be untrue, inaccurate or misleading. Please review each of the following questions and statements carefully and provide honest and complete responses to each.

1. The following dates and information are true and correct:

a.	_____,202__ Initials _____	The date of my first face-to-face meeting with any person to discuss the possible purchase of a franchise for a "Fat Tuesday" franchised business.
b.	_____,202__ Initials _____	The date on which I received the Franchisor's Franchise Disclosure Document ("**FDD**").
c.	_____,202__ Initials _____	The date when I received a fully completed copy (other than signatures) of the Franchise Agreement, Area Development Agreement, and Addenda (if any) and all other documents I later signed.
d.	_____,202__ Initials _____	The date on which I signed the Franchise Agreement and/or Area Development Agreement.

2. Did you receive and personally review the Franchise Agreement, Area Development Agreement and each Addendum and related agreement attached to it?

   Yes _____ No _____

3. Do you understand all of the information contained in the Franchise Agreement, Area Development Agreement, each Addendum and related agreement provided to you?

   Yes _____ No _____

If no, what parts of the Franchise Agreement, Area Development Agreement, Addendum, and/or related agreement do you not understand? (Attach additional pages, as needed.)

_____

_____

_____

_____

4. Do you understand that the Franchise Agreement and Area Development Agreement contain a number of provisions that may affect your legal rights, including required mediation, designated locations or states for any judicial proceedings, a waiver of a jury trial, a waiver of punitive or exemplary damages, limitations on when claims may be filed, and other waivers and limitations?

   Yes _____ No _____

5. Did you receive and personally review the FDD that we gave to you?

   Yes _____ No _____

6. Did you sign a receipt for the FDD indicating the date you received it?

   Yes _____ No _____

7. Do you understand all of the information contained in the FDD and any state-specific Addendum to the FDD?

   Yes _____ No _____

If No, what parts of the FDD and/or Addendum do you not understand? (Attach additional pages, as needed.)

_____

_____

_____

_____

_____

8. Did you discuss the benefits and risks of establishing and operating a "Fat Tuesday" franchised business with an attorney, accountant, or other professional advisor?

   Yes _____ No _____

   If No, do you wish to have more time to do so?

   Yes _____ No _____

9. Do you understand that the success or failure of your "Fat Tuesday" franchised business will depend in large part upon your skills and abilities, competition from other businesses, interest rates, inflation, labor and supply costs, lease terms and other economic and business factors?

   Yes _____ No _____

10. Has anyone speaking on our behalf made any statement or promise to you concerning the revenues, profits or operating costs of a “Fat Tuesday” franchised business operated by us or by our franchisees that is different from the information contained in the FDD?

    Yes _____ No _____

11. Has anyone speaking on our behalf made any statement or promise to you about how much amount of money you may earn in operating the franchised business that is different from the information contained in the FDD?

    Yes _____ No _____

12. Has anyone speaking on our behalf made any statement or promise concerning the total amount of revenue your "Fat Tuesday" franchised business will generate that is different from the information contained in the FDD?

    Yes _____ No _____

13. Has anyone speaking on our behalf made any statement or promise regarding the costs you may incur in operating your "Fat Tuesday" franchised business that is different from the information contained in the FDD?

    Yes _____ No _____

14. Has anyone speaking on our behalf made any statement or promise concerning the likelihood of success that you should or might expect to achieve from operating a "Fat Tuesday" franchised business?

    Yes _____ No _____

15. Has anyone speaking on our behalf made any statement or promise, or made an agreement with you, concerning how much service and assistance we will provide to you (for example, concerning advertising, marketing, training, and support) that is different from the information contained in the FDD?

    Yes _____ No _____

16. Before today, did you enter into any binding agreement with us concerning the purchase of this franchise?

    Yes _____ No _____

17. Before today, have you paid us any money concerning the purchase of this franchise prior to today?

    Yes _____ No _____

18. If you have answered “Yes” to any of questions 10-17, please provide a full explanation of each “yes” answer in the following blank lines. (Attach additional pages, as needed, and refer to them below.)

19. If you have answered "no" to each of questions 10-17, please leave the following lines blank.

_____

_____

_____

_____

_____

20. Do you understand that all disputes and claims you may have against us under the Franchise Agreement and the personal guarantee must be heard in the courts of Louisiana (if the parties cannot resolve the matter informally or by mediation)?

Yes _____ No _____

21. Do you understand that the Franchise Agreement and the personal guarantee provides that you can only collect compensatory damages on any claim under or related to the Franchise Agreement and not any consequential or punitive damages?

Yes _____ No _____

22. Do you understand that the Franchise Agreement, Area Development Agreement and the personal guarantee each include a waiver of jury trials?

Yes _____ No _____

23. Do you understand that the Franchise Agreement, Area Development Agreement and the personal guarantee includes a statement that claims need to be brought within one year after they arise or they may no longer be brought after that time?

Yes _____ No _____

24. I spoke with the following persons from the Franchisor, its affiliates, and independent brokers about buying a "Fat Tuesday" franchise:

_____

_____

_____

25. I signed the Franchise Agreement, Area Development Agreement, and Addenda (if any) on _____, 202___, and acknowledge that no Agreement or Addendum is effective until signed and dated by the Franchisor.

Please understand that your responses to these questions are important to us and that we will rely on them.

By signing this Confirmation, you are representing that you have responded truthfully to the above questions.

Franchise Applicant

_____
Signed

_____
Printed Name

_____
Date Signed

Exhibit L: General Release

The following is our current general release language, which we expect to include in a release that a franchisee and/or transferor may sign as part of a renewal agreement or in connection with an approved transfer. We have the right to periodically modify the form of this release.

[Franchisee] [Transferor], its officers and directors and Principals, and their respective agents, heirs, administrators, successors and assigns (the "**Franchisee Group**"), hereby forever release and discharge, and forever hold harmless Franchisor, its current and former affiliates and predecessors, and their respective shareholders, partners, members, directors, officers, agents, representatives, heirs, administrators, successors and assigns (the "**Franchisor Group**") from any and all claims, demands, debts, liabilities, actions or causes of action, costs, agreements, promises and expenses of every kind and nature whatsoever, at law or in equity, whether known or unknown, foreseen and unforeseen, liquidated or unliquidated, which [Franchisee] [Transferor] and/or its Principals had, have or may have against any member of the Franchisor Group, including, without limitation, any claims or causes of action arising from, in connection with or in any way related or pertaining, directly or indirectly, to the Franchise Agreement, the relationship created by the Franchise Agreement, or the development, ownership or operation of the Franchised Business. The Franchisee Group further indemnifies and holds the Franchisor Group harmless against, and agrees to reimburse them for any loss, liability, expense or damages (actual or consequential) including, without limitation, reasonable attorneys', accountants' and expert witness fees, costs of investigation and proof of facts, court costs and other litigation and travel and living expenses, which any member of the Franchisor Group may suffer with respect to any claims or causes of action which any customer, creditor or other third party now has, ever had, or hereafter would or could have, as a result of, arising from or relating to the Franchise Agreement or the Franchised Business. The Franchisee Group and its Principals represent and warrant that they have not made an assignment or any other transfer of any interest in the claims, causes of action, suits, debts, agreements or promises described herein.

This Release constitutes the entire, full, and complete agreement between the parties concerning the subject matter hereof, and supersedes all prior agreements and communications concerning the subject matter hereof. This includes the waiver of state laws that might apply to limit a release (such as Calif. Civil Code Section 1542, which states that "[a] general release does not extend to claims which the creditor does not know or suspect exist in his [or her] favor at the time of executing the release, which if known by him [or her] must have materially affected his [or her] settlement with the debtor"). No other representations have induced the parties to execute this Release. The parties agree that they have not relied upon anything other than the words of this Release in deciding whether to enter into this Release.

STATE EFFECTIVE DATES

The following states require that the Franchise Disclosure Document be registered or filed with the state or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin; as well as exemption from the business opportunity registration requirements in Florida, Kentucky, Nebraska, Texas, and Utah.

STATES	EFFECTIVE DATE
California	Pending
Hawaii	Pending
Illinois	Pending
Maryland	Pending
Michigan	May 5, 2020
New York	Pending
Rhode Island	Pending
Virginia	Pending
Wisconsin	Pending

Exhibit M **Item 23 Receipt**

This Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If DAQ, Inc. ("**DAQI**") offers you a franchise, it must provide this Disclosure Document to you:

(a) 14 calendar days before you sign a binding agreement with, or make a payment to, us (or an affiliate of ours) in connection with the proposed franchise sale; or

(b) In New York, at the earlier of: (i) your first personal meeting to discuss the franchise, or (ii) 10 business days before you sign a binding agreement with, or make payment to, us or an affiliate in connection with the proposed franchise sale; or

(c) In Iowa, at the earlier of: (i) your first personal meeting to discuss the franchise; or (ii) 14 days before you sign a binding agreement with, or make payment to, us or an affiliate in connection with the proposed franchise sale; or

(d) In Michigan, at least 10 business days before the earlier of when you sign a binding franchise or other agreement or pay any consideration to us (or an affiliate of ours).

If DAQI 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, DC 20580 and to the appropriate state agency listed in Exhibit C. DAQI authorizes the agents listed in Exhibit D to receive service of process.

The franchise seller is James Vitrano of DAQI at 1115 N. Causeway Blvd. Suite 200, Mandeville, Louisiana 70471 (tel: 504.831.9415). Any additional individual franchise sellers involved in offering the franchise are: _____.

The issuance date of this Franchise Disclosure Document is May 5, 2020.

I received a Franchise Disclosure Document dated May 5, 2020, and with effective dates of state registration as listed on the State Effective Dates Page, which included the following exhibits:

A	Franchise Agreement and Related Exhibits	G	Financial Statements
B	Area Development Agreement	H	Table of Contents for Manual
C	State Franchise Administrators	I	State-specific Disclosures
D	State Agents for Service of Process	J	State-specific Agreement Amendments
E	List of Current and Former Franchisees and Licensees	K	Franchise Compliance confirmation
		L	General Release
F	List of Affiliate-Owned Fat Tuesday Locations	M	Receipts (2 copies)

_____ _____

Date Received Prospective Franchisee

_____

Printed Name

_____

_____

Home Address

Please keep this copy of the receipt for your records.

Exhibit M **Item 23 Receipt**

This Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If DAQ, Inc. ("**DAQI**") offers you a franchise, it must provide this Disclosure Document to you:

(a) 14 calendar days before you sign a binding agreement with, or make a payment to, us (or an affiliate of ours) in connection with the proposed franchise sale; or

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(c) In Iowa, at the earlier of: (i) your first personal meeting to discuss the franchise; or (ii) 14 days before you sign a binding agreement with, or make payment to, us or an affiliate in connection with the proposed franchise sale; or

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		L	General Release
F	List of Affiliate-Owned Fat Tuesday Locations	M	Receipts (2 copies)

_____ _____

Date Received Prospective Franchisee

_____

Printed Name

_____

_____

Home Address

Please sign and date this copy of the receipt and return it to us.