FRANCHISE DISCLOSURE DOCUMENT

Guthrie's Franchising, Inc.
2320 Moore's Mill Road, Suite 600
Auburn, Alabama 36830
(334) 887-6555
www.guthrieschicken.com

The franchise offered is for a Guthrie's restaurant featuring golden fried chicken fingers and other authorized products and beverages. The Guthrie's restaurant caters to drive thru, carry out or eat in business.

The total investment necessary to begin operation of a Guthrie's restaurant is $231,050 - $569,200, excluding real estate costs. This includes $75,000 that must be paid to the franchisor or its affiliate. The initial franchise fee will be $35,000 for each Guthrie's restaurant that you agree to develop. If you sign an area development agreement, you will also pay a development fee, the amount of which will vary, depending on the factors described in Item 5 of this disclosure document. The portion of the development fee attributable to the development of the Guthrie's restaurant will be applied against the initial franchise fee when the franchise agreement for the Guthrie's restaurant is signed, and the remainder of the initial franchise fee will be due upon execution of the franchise agreement.

This disclosure document summarizes certain provisions of your franchise agreement, area development agreement and other information in plain English. Read this disclosure document and all 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 government agency has verified the information contained in this document.**

You may wish to receive this disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Matthew Myers at 2320 Moore's Mill Road, Suite 600, Auburn, Alabama 36830, (334) 887-6555.

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

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

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

Issued: May 18, 2021.

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 C.
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 E 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 Guthrie's business in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be a Guthrie's franchisee?	Item 20 or Exhibit C lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution**. The Franchise Agreement and Area Development Agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Alabama. Out of state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate or litigate with the franchisor in Alabama than in your own state.

2. **Purchase of Inventory and Supplies**. You must purchase all or nearly all of the inventory and supplies necessary to operate your business from us, our affiliates, or from suppliers that we designate at prices that we or they set. These prices may be higher than prices you could obtain elsewhere for the same or similar grounds. This may reduce the anticipated profit of your franchised business.

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.

TABLE OF CONTENTS

TABLE OF CONTENTS
(continued)

EXHIBITS:

Item 1

THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES

Franchisor, Parent and Affiliates

The franchisor is Guthrie's Franchising, Inc., an Alabama corporation, and is referred to in this disclosure document as the "Company", "Guthrie's", "we", "us" or "our". The person or entity who buys the franchise is referred to in this disclosure document as "you" or "your". If you are a corporation, limited liability company, partnership or other type of legal entity, the provisions of the Franchise Agreement and Area Development Agreement described herein also apply to your owners by virtue of our requirement that your owners personally guarantee, and be personally bound by your obligations under the Franchise Agreement, the Area Development Agreement and the ancillary documents described in this disclosure document.

The Company is an Alabama corporation formed on January 5, 2004. We conduct our business under our Company name and the name "Guthrie's". Our principal business address is 2320 Moore's Mill Road, Suite 600, Auburn, Alabama 36830, our telephone number is (334) 887-6555, and our registered agent at our principal business address is Joe Kelly Guthrie. We are engaged only in the business activities that relate to the franchised Guthrie's restaurants and have not offered franchises in any other lines of business. We are owned by members of the Guthrie's family ("Guthrie's Owners"). None of the Guthrie's Owners offer franchises in any line of business.

The Company does not operate any Guthrie's restaurants but the Guthrie family has operated Guthrie's restaurants or similar restaurants for more than 55 years. As of the date of this disclosure document, Joe Kelly Guthrie and Hal H. Guthrie, Jr. (each, a Guthrie's Owner), and two other members of the Guthrie's family, individually or with non-family members who own minority interests in such restaurants, own and operate, collectively, eleven (11) Guthrie's restaurants which are substantially similar to the Restaurants franchised in this offering and are treated as company-owned locations under this disclosure document ("Company-Owned Restaurants").

We offer and sell franchises for Guthrie's restaurants (each, a "Restaurant" or "Guthrie's Restaurant") and have done so since March 2005. The Company acquired its right to use and sublicense to franchisees certain trade names, service marks and trademarks, including "Guthrie's," and such other trade names, service marks, and trademarks as are now designated (and may later be designated by the Company) as part of the System ("Proprietary Marks") under a license agreement with Guthrie's Holding Company, L.L.C., an Alabama limited liability company ("GH"). GH was formed on January 13, 2004. GH is owned by members of the Guthrie's family ("GH Owners"). The term of the license is 40 years from January 2004. None of GH or the GH Owners offer franchises in any line of business.

Except as described above, we have no parents, predecessors or affiliates required to be included in this Item.

None of our affiliates has in the past franchised or currently franchises restaurants in any other lines of business.

The Franchise

The Restaurants feature golden fried chicken fingers with our special sauce, french fries, slaw, beverages and other authorized menu items. The typical Restaurant will contain approximately 1,400 to 2,800 square feet and have seating for approximately 40 to 80 persons. Most new Restaurants will be free standing and most likely located in suburban areas although, where appropriate, the restaurant can be located on an end cap of a shopping center. The Restaurant caters to drive-thru, carry-out and eat-in business.

As presented in this disclosure document, the Company offers qualified purchasers the right to establish and operate a Guthrie's Restaurant within a protected area. We have developed and own a comprehensive system for developing and operating Guthrie's restaurants, which includes trademarks and service marks, building designs and layouts, equipment, standards and specifications, methods of inventory control and certain operational and business standards and policies (the "System"), all of which we may improve, further develop or otherwise modify from time to time. You must operate your Guthrie's Restaurant, at your expense, as an independent business utilizing and operating in accordance with the System. You will offer and provide products and services to the general public, at all times complying with the Franchise Agreement and our confidential operating manual (the "Confidential Operating Manual") that will be loaned to you at the time of training.

Each franchise relationship is offered by the Company based on one of 2 arrangements:

1. The first arrangement is a single franchise agreement (the "Franchise Agreement") under which you will establish a Guthrie's Restaurant at a specified location. The Franchise Agreement that you will be required to execute for this restaurant accompanies this disclosure document as Exhibit A.

2. The second arrangement is an Area Development Agreement (the "Area Development Agreement") that requires you to establish more than 1 Restaurant within a defined geographic area according to a time schedule provided in the Area Development Agreement. The Area Development Agreement that you will be required to execute accompanies this disclosure document as Exhibit B. You will be required to execute the form of Franchise Agreement the Company is then offering to new franchisees for each Restaurant established under the Area Development Agreement.

From time to time, we may sell and franchise one or more of our Company-Owned Restaurants to you or another Guthrie's franchisee. If you are the purchaser in any of these transactions, we will negotiate with you, or assist our affiliate or Guthrie's family member in negotiating with you, to reach mutually acceptable terms of a sale agreement and any lease or sublease of the real estate. If you purchase a Company-Owned Restaurant, you must sign a Franchise Agreement. Depending on the circumstances, the financial and other terms may vary from the standard terms of our Franchise Agreement.

From time to time, we may sell and franchise a Restaurant, or approve the transfer of an existing franchised Restaurant, to one or more of our affiliates or members of the Guthrie's family. In these transactions, we may assist our affiliate or Guthrie's family member in negotiating with the existing franchisee to reach mutually acceptable terms of a sale agreement and any lease or sublease of the real estate. In addition, a franchise or license agreement for the Company-Owned Restaurant(s) will be signed and possibly, also an Area Development Agreement for the further development of Guthrie's Restaurants in the geographical area where the purchased Restaurant(s) is located. Depending on the circumstances, the financial and other terms may vary from the standard terms of our Franchise Agreement and Area Development Agreement. We and our affiliates and members of the Guthrie's family may also enter into joint venture arrangements with existing franchisees or others to develop Guthrie's Restaurants. Typically, we, our affiliate or members of the Guthrie's family, may have a 50% or greater interest in such joint ventures. The terms of these arrangements are negotiated by the parties. All of such Restaurants described in this paragraph would be considered Company-Owned Restaurants for purposes of this disclosure document.

Competition

Our services and products are used by the general public. The market for our products and services is a fully developed and a highly competitive one. Your competitors will include other retail restaurants offering similar products to the general public. Various factors can adversely affect the restaurant industry including inflation, increases in product, labor and energy costs, the availability and cost of suitable sites, construction costs, fluctuating interest and insurance rates, state and local regulations and licensing requirements, acts of terrorism, and the availability of a suitable work force. Your ability to compete in the market will depend in large part on your own capabilities, the site you select for your Restaurant and general economic conditions. Major chains, which have substantially greater financial resources and longer operating histories, dominate the restaurant industry. Your affiliation with our System does not guarantee you a successful or profitable business operation. Prior business ownership and management experience is vital for new franchisees, and prior restaurant experience is highly desirable. Our business is not substantially seasonal.

Regulatory Matters

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

Item 2

BUSINESS EXPERIENCE

Director: Hal H. Guthrie, Jr.

Mr. Guthrie has served as a Director of the Company since its incorporation in January 2004 and served as its President from January 2004 until April 2017. Mr. Guthrie serves in his present capacity in Auburn, Alabama.

Director, Chief Executive Officer, President and Secretary: Joe Kelly Guthrie

Mr. Guthrie has served as a Director of the Company since its incorporation in January 2004 and served as Vice President from January 2004 until April 2017. Mr. Guthrie has served as the Company's Secretary since January 2004 and as the Company's Chief Executive Officer and President since April 2017. Mr. Guthrie serves in his present capacities in Auburn, Alabama.

Director of Operations: Matthew Myers

Mr. Myers has served as Director of Operations of the Company since January 2014. Mr. Myers serves in his present capacity in Auburn, Alabama.

Item 3

LITIGATION

No litigation is required to be disclosed in this Item 3.

Item 4

BANKRUPTCY

No bankruptcy information is required to be disclosed in this Item 4.

Item 5

INITIAL FEES

Franchise Agreement

The initial franchise fee for a Restaurant is $35,000. The initial franchise fee is payable in full on the date you sign the Franchise Agreement. After the Franchise Agreement has been signed, the initial franchise fee is not refundable for any reason, in whole or in part.

The initial franchise fee is uniform as to all franchisees currently purchasing a franchise, and although we have no intention of reducing the Initial Franchise Fee for any prospective franchisees in the future, we reserve the right to do so in our sole discretion on a case-by-case basis. Initial franchise fees paid to us in fiscal year 2020 were in the range of $0 to $35,000 per Restaurant, but in some cases initial franchise fees required under the franchise agreement are directed to be paid directly to our owners.

Area Development Agreement

The Area Development Agreement requires you to pay a development fee which is determined by mutual agreement between us and you. The amount of the development fee is not uniform. It will vary upon a variety of factors, including: (1) existing population and anticipated population growth within the development area; (2) competition within the development area; and (3) the number of Guthrie's restaurants we estimate can be developed within the development area. The development fee is based on $20,000 per Restaurant to be developed. In some cases Development Fees required under the Area Development Agreement are directed to be paid directly to our owners

The portion of the development fee attributable to the development of the Restaurant will be applied against the initial franchise fee when the Franchise Agreement for the Restaurant is signed, and the remainder of the initial franchise fee will be due upon execution of the Franchise Agreement.

After the Area Development Agreement has been signed, the development fee is not refundable for any reason, in whole or in part.

Opening Team Training

We (or one of our affiliates) will send a minimum of two trainers on-site to your premises to assist with opening of your Restaurant ("**Opening Team**") for a two to four week period prior to your opening, and you must reimburse us for the prorated salaries, benefits, travel and per diem of the Opening Team, which are currently estimated to be $2,500 per week per trainer plus expenses. The timeframe of this opening assistance will be determined by us, in our sole discretion, and will depend upon your experience in the restaurant industry, your management experience, and your compliance with our System. These expenses are nonrefundable and we estimate they will range from $10,000 to $40,000. Upon completion of this opening assistance, we will send you an invoice for the Opening Team expenses due from you to us. You must pay this invoice within ten (10) days of receipt.

Item 6

OTHER FEES

FRANCHISE AGREEMENT

Type of fee	Amount	Due Date	Remarks (Note 1)
Royalty	6% of your Gross Sales (Note 2)	Semi-monthly by the 5th and 20th day of each month	Royalties will be paid by electronic funds transfer (Note 2).
Advertising Contribution	Up to 2% of your Gross Sales	Semi-monthly by the 5th and 20th day of each month	The Company has not established an advertising fund, but may do so during the term of your Franchise Agreement. Once established, Advertising Contributions will be paid by electronic funds transfer (Note 2).
Minimum Local Advertising	2% of your Gross Sales	Monthly	We have the right to approve your local advertising expenditures, and require that you provide us with proof that these funds were spent.
Transfer	$10,000	Upon transferring the franchise	Transfer is subject to our approval. There are other conditions to transfer.
Renewal	$15,000	On or prior to renewal	Payable when, and if, you renew your Franchise Agreement. There are other conditions to renew.
Site Investigation	$150 per hour, plus expenses incurred in connection with your site selection	As incurred	Applies after the second visit to any one Restaurant site. Includes costs of travel, lodging and food we incur.
Additional Training and Assistance	Reasonable fee, estimated at $300 per person per day, for additional training, plus the reimbursement of our trainers' travel and living expenses and other related expenses and wages	As incurred	If at any time, you request that we provide, or we determine that you require, additional assistance or training, you must pay our then-current per diem training fee for each trainee, and you must reimburse us for all out of pocket costs and expenses incurred by our trainers associated with the additional training, including lodging, meals and travel arrangements of the trainers.

			and other reasonable expenses.
Audit	Cost of audit	Upon receipt of our invoice	Payable only if we find an understatement of Gross Sales greater than 3%
Interest (Note 3) and Late Payment Fee	Highest rate permitted by law, plus a $100 late payment fee (or the highest fee permitted by law)	Immediately on demand	Payable only if required payment not paid when due
Insufficient Funds Service Fee	$100 per occurrence (or the highest fee permitted by law)	Immediately on demand	Payable only if any of your payments are not honored by your financial institution
Indemnification	Will vary under circumstances	As incurred	You must reimburse us if we are held liable for claims arising out of your franchise operations
Liquidated Damages	See Note 4	Within 15 days of termination of your Franchise Agreement	You must pay this fee only if termination of your Franchise Agreement occurs
Attorney's and other costs	Will vary under circumstances	As incurred	Payable if your account is turned over for collection or upon your failure to comply with the Franchise Agreement
Insurance	Will vary under circumstances	As incurred	If you fail to obtain or maintain required insurance, we may obtain such insurance at your expense
Evaluation of alternative suppliers	Currently, out of pocket expenses only	Upon receipt of our invoice	We may impose reasonable inspection and testing fees to cover any costs in evaluating alternative approved products or suppliers you suggest
Annual Convention	Our then-current reasonable fee for each attendee.	Upon demand	If we require you to attend a convention or other meeting, you will have to pay a reasonable fee
Tax Assessment	Our actual expenses.	Upon demand	Payable only if there is a sales tax, gross receipts tax, or similar tax or assessment (other than income tax) imposed against us with respect to any payments you make to us under the Franchise Agreement.

Note 1: Except for the minimum local advertising requirement, if required, all fees are payable to the Company and are non-refundable.

Note 2: "Gross Sales" means the amount of sales of food, beverages, including wine, liquor and beer, and other products and merchandise sold or services rendered in, on, about or from the Restaurant, together with any other revenues derived from the operation of the Restaurant, whether by you or by any other person, whether or not in accordance with the terms of the Franchise Agreement, and whether for cash or on a charge, credit, barter or time basis, including all sales and services (i) where orders originate and/or are accepted by you in the Restaurant but delivery or performance thereof is made from or at any place other than the Restaurant or (ii) by digital, telephone or other similar orders received or filled at or in the Restaurant. For purposes of determining the Royalty Fee, Advertising Contributions, and local advertising, there shall be deducted from Gross Sales: (a) the amount of refunds, allowances or discounts to customers (including coupon sales) up to 3% of the Gross Sales, provided the related sales have previously been included in Gross Sales; and (b) the amount of any excise or sales tax levied upon retail sales and paid over to the appropriate governmental authority.

Under the Franchise Agreement, we require that all royalty fees and advertising contributions be paid by electronic funds transfer. Accordingly, you must sign an electronic transfer of funds authorization for your bank account. From time to time, we may approve the transfer of an existing Company-Owned Restaurant to a franchisee, in which event our affiliate or the Guthrie's family member that is the transferor may receive the applicable royalty fees from the transferee that is the franchisee after such transfer. Currently, Company-Owned Restaurants do not pay any royalty fees. Company and affiliate-owned Restaurants do not have a specific local advertising requirement, however they will make expenditures in local advertising programs as appropriate.

Note 3: Interest begins from the date of non-payment or underpayment.

Note 4: If we terminate your Franchise Agreement, you must pay us within 15 days after the effective date of termination liquidated damages equal to the average semi-monthly royalty fees you paid or owed to us during the twenty-four (24) semi-monthly periods of operation preceding the effective date of termination (or, if the Restaurant has not been open for at least twenty-four (24) semi-monthly periods, the average semi-monthly amount of royalty fees paid or owed to us for the semi-monthly periods in which the Restaurant has been open), multiplied by (a) 48 (being the number of semi-monthly periods in two full years), or (b) the number of semi-monthly periods remaining in the term of the Franchise Agreement had it not been terminated, whichever is lower.

AREA DEVELOPMENT AGREEMENT

If you sign an Area Development Agreement, you should review both the foregoing table of fees applicable to your Franchise Agreement, as well as the following table of fees.

Type of fee	Amount	Due Date	Remarks (Note 1)
Development	$20,000 for each Restaurant	When you sign the Area	The portion of the development fee attributable to the

	franchise to be opened	Development Agreement	development of a particular Restaurant will be applied against the initial franchise fee when the franchise agreement for that Restaurant is signed, and the remainder of the initial franchise fee will be due upon execution of the Franchise Agreement.
Transfer	$10,000 for each franchise assigned	Upon transfer of the Area Development Agreement	
Indemnification	Will vary under circumstances	As incurred	Payable if you fail to comply with the Area Development Agreement
Attorney's Fees	Will vary under circumstances	As incurred	You must reimburse us if we are held liable for claims arising from your development obligations.

Note 1: All fees are payable to the Company and are non-refundable.

[THE REST OF THIS PAGE INTENTIONALLY LEFT BLANK]

Item 7

ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT FOR A RESTAURANT:

Type of expenditure	Amount	Method of payment	When due	To whom payment is to be made
Initial franchisee fee (Note 1)	$35,000	Cash	Due upon signing the Franchise Agreement	Company
Real Property	Note 2	Note 2		Note 2
Construction, leasehold improvements, remodeling and decorating costs	Note 2	Check or cash	When work is performed	Contractors
Impact Fee	$0-$75,000	Cash	Upon invoice	Governmental agency
Equipment, furnishings, fixtures and other fixed assets (Note 3)	$125,000-$200,000	Check or cash	Upon delivery	Approved vendors
Inventory	$5,000-$15,000	Check or cash	Upon delivery	Approved vendors
Computer/Cash Register/POS system	$8,550-$19,200	Check or cash	Upon delivery	Blue Ridge Technology
Signage	$20,000-$60,000	Check or cash	Upon installation	Approved vendors
Permits and Licenses	$1,500-$5,000	Check or cash	Upon application	Cities and counties
Grand Opening Advertising/Marketing (Note 4)	$4,000-$10,000		As incurred; payment for grand opening promotional kit is due prior to shipment	Approved vendors
Insurance	$9,000-$15,000	Check or cash	When policy(s) written	Insurance carrier
Training (transportation, lodging, etc.) (Note 5)	$5,000-$20,000	Cash	When incurred	Vendors, hotels, employees, Company, etc.
Opening Team Training	$10,000-$40,000	Check or cash	When work is performed	Us
Security deposits, utility deposits and other prepaid expenses	$3,000-$10,000	Check or cash	Upon application	Vendors, Health Department and other 3rd parties
Working capital required before operations begin	$5,000-$15,000	Cash	When services are performed	Various vendors and labor
Additional funds (3 months) (Note 6)	$0-$50,000	Cash	As incurred	Employees, vendors, etc.
Total Estimated Initial Investment: $261,050 - $569,200, excluding real estate costs (Note 7)				

Note 1: The initial franchise fee is not refundable under any circumstances.

16440847

Note 2: Average lots for approved free-standing Restaurants are approximately 30,000 to 40,000 square feet on a well-traveled, major street with good ingress/egress, good visibility, and ample space for parking and a drive through window. It is estimated that the cost of an approved site for your Restaurant would be $250,000 to $2,000,000. In addition, you would be required to build a 1,400 to 2,800 square foot building at an estimated cost of $150 to $550 per square foot. Both the location and the proposed building are subject to our acceptance before you obtain permits or local approvals or start construction. Land and building costs vary depending on size and location and whether you purchase or lease the site. Site acquisition or lease costs may be beyond this estimated range in some localities. For leases, security deposits are generally required. These estimates are based on purchasing unimproved real property and the construction of a new free-standing Restaurant. If you remodel an existing facility in accordance with our specifications, such remodeling costs are estimated to be $75,000 to $600,000 plus the cost of leasing or purchasing the real estate. You may also need to install, among other things, wiring, flooring, plumbing and lighting systems which meet our specifications. These costs will vary depending on the condition of the site and local costs. In addition, if you purchase unimproved real property, site improvement costs may vary based on soil and environmental conditions, availability of utilities to the site, topography of the site, the size of the lot, local zoning and other building requirements, but generally range from an additional $200,000 to $350,000 to prepare the site for construction.

Note 3: You need to install, among other things, restaurant equipment (including cookers and refrigeration), furniture, décor items, counters, cash registers, point-of-sale computer systems, small wares and indoor and outdoor signage.

Note 4: You must conduct a grand opening promotion with the opening of your Restaurant. This includes the purchase of a grand opening promotional kit from an approved supplier designated by us. You must pay all costs of the grand opening, including publicity costs, promotional costs, plus the full cost of any price reductions or other customer inducements. Costs may vary depending on your market and the type of advertising used, however, you must spend a minimum of $4,000 in connection with the marketing of the opening of your Restaurant, during the period that is thirty (30) days prior and thirty (30) days after the opening of your Restaurant, or, if you purchased an existing Restaurant, within sixty (60) days after the purchase of your Restaurant.

Note 5: These estimated costs consist of such items as training, which will vary depending on the number of employees and methods of training including our required initial training program. You will be responsible for all costs involving food, transportation and lodging for persons attending our training session. In addition, you will be required to reimburse the Company for its out-of-pocket costs to provide opening assistance at your Restaurant. Special assistance will be provided but will require the payment by you of per diem fees and charges that we establish from time to time, and the reimbursement for our out-of-pocket costs.

In addition, for your opening, we will provide certain members of our new Restaurant Opening Team to assist you at your Restaurant with various operational and training matters. You must pay us the prorated salaries and benefits of the Opening Team. You must also pay for all food, transportation, lodging, and other expenses for the staff that we provide, as well as all wages and expenses for your employees in conducting pre-opening training. Costs vary depending on the distance traveled, the type of lodging, experience in the restaurant industry, and whether you meet underwriting and credit standards.

Note 6: You will need capital to support ongoing expenses such as payroll, utilities, royalties, advertising, supplies, food and beverage products to the extent these costs are not covered by your revenues. New businesses often generate negative cash flow. We estimate the amount given will be sufficient to cover your ongoing expenses for the 3-month startup phase of the business. This is only an estimate and there is no assurance that additional working capital will not be necessary during the start up or after. Your costs will depend on such factors as your management skills, experience and business ability, local economic conditions, the local market for your products and services, prevailing wage and labor rates, competition and the sales level reached during the initial period.

Note 7: In determining the estimated initial investment, the Company relied on the experience of its affiliates and franchisees in owning and operating a number of Guthrie's Restaurants. You should review these figures carefully with a business advisor before making any decision to open a Restaurant. We do not offer any financing for your initial investment. The availability and terms of financing with third party lenders will depend on factors such as the availability of financing generally, your credit-worthiness and policies of lending institutions concerning the type of business to be operated.

If you purchase an existing Guthrie's Restaurant, then you may have to make a greater or smaller investment, depending on the circumstances, then the estimated initial investment shown above. The price and terms of payment for such Guthrie's Restaurant will be established by mutual agreement.

If you sign an Area Development Agreement, you must pay us a non-refundable development fee which is described in Item 5. You will also need funds for working capital to pursue your development obligations. We are unable to estimate the extent of your working capital needs, which will depend in large part on the number of sites that you develop as Restaurants. There is no other initial investment required upon execution of an Area Development Agreement. However, an initial investment will be required for each Guthrie's Restaurant you open. Our current estimate of this investment is described in the table above.

Item 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Generally

You must operate your Restaurant in conformity with our uniform methods, standards and specifications, and you must purchase and install all fixtures, furnishings, signs and equipment which meet our standards and specifications. You are not required to purchase or lease anything from us; however, we can be an approved supplier for any item. We formulate and modify, at our sole discretion, specifications and standards that we impose on franchisees and suppliers. Standards and specifications are issued to franchisees through the Confidential Operating Manual and to suppliers by written agreement, if requested. We attempt to negotiate purchase arrangements for our suppliers (including price terms) for the benefit of all Guthrie's Restaurants including those owned by franchisees. We do not provide material benefits (e.g. renewal or additional franchises) to you based on your use of designated or approved suppliers.

There are no franchisee purchasing or distribution cooperatives.

Other than our supply of Proprietary Items, none of our affiliates are currently approved suppliers, and there are no approved suppliers in which any of our officers own an interest.

Items We Supply or Derive Income From

The Company and our designated suppliers are the only approved supplier(s) for Guthrie's special sauce ("Proprietary Items"), as well as the Opening Team trainers, related labor and other training materials, all of which you must use in connection with the opening and ongoing operation of your Restaurant. We have entered into a supply agreement to provide you with some of your Proprietary Item requirements and you will be provided with proprietary recipes for others. We will derive income from purchases of these supplies by franchisees.

In addition, certain approved suppliers cooperate with us in the development of joint programs, research and development and promotion and make services and monetary contributions to our efforts, which may be based on sales derived from all Guthrie's Restaurants including those of franchisees and Company-Owned Restaurants. We have negotiated purchase arrangements, including price terms, with some suppliers for the benefit of franchisees and Company-Owned Restaurants. You may be required to sign agreements with such suppliers in order to receive such favorable pricing and/or rebates. From time to time, we derive revenue as a result of sales of products Guthrie's Restaurants are required to purchase. As of the date of this disclosure document, we have negotiated purchase arrangements with The Coca-Cola Company, The Kraft Heinz Company, Dr. Pepper, The J.R. Simplot Company and US Foodservice, including price terms, for the benefit of our franchisees and Company-Owned Restaurants. Our franchise system receives monies under these relationships based upon a dollar amount per case, per gallon or per pound on some products, and a percentage of purchases or expected quantity of purchases on other products. The amounts are specified in the arrangements and are confidential information.

Other than the arrangements discussed in this Item 8, we have not currently negotiated supply arrangements with suppliers for the benefit of franchisees, but we may do so in the future. We do not provide material benefits to a franchisee based on a franchisee's purchase of particular products or services or use of particular suppliers.

The Company received $827,948.59 from vendor rebates and the sale of Proprietary Items during 2020 based on sales to the Company's franchisees and Company-Owned Restaurants; collectively, these amounts accounted for 51% of our total revenues of $1,619,976.39. Funds received from such sources are used as a part of the Company's general operating funds.

Purchase of Equipment, Fixtures, Furnishings, Inventory and Supplies

You are required to purchase all fixtures, equipment, furnishings, signs, inventory, advertising material and other supplies used in the operation of the Restaurant only from approved suppliers. We may modify our list of approved suppliers and/or brands. After notice of such modification, you may not reorder any item or brand from any supplier which is no longer approved.

If you propose any brand and/or supplier which is not then approved by us, you must first notify us of your request in writing and submit sufficient information, specifications and samples concerning such brand and/or supplier so that we can decide whether such brand complies with our specifications and standards and/or such supplier meets our approved supplier criteria. We have the right to charge reasonable fees to cover our costs for such evaluation. We will notify you of our decision within a reasonable time (approximately 30 days). Approval must be obtained in writing and will not be unreasonably withheld, delayed or denied. We may prescribe procedures for submission of requests for approval and impose obligations on suppliers, which we may require to be incorporated into a written agreement. Our approved suppliers can provide you with 100% of your total purchases in connection with the establishment of your Restaurant and between 80% and 90% of your total purchases in connection with the operation of the Restaurant.

Computer/Cash Register/POS System

You must obtain and use the computer hardware and software we specify. We may modify specifications for and components of the computer, cash collection and data processing system.

Site Selection

You must select a site for your Restaurant, which conforms to our site selection criteria.

Lease of the Premises

We have the right to approve the terms of any lease for the premises of your Restaurant. Any lease for the premises must contain certain provisions described in Section V.B. of the Franchise Agreement. You must also execute, and cause the lessor of the premises to execute, a lease rider in the form as attached as Exhibit D to the Franchise Agreement, which includes a collateral assignment of lease and states, among other things, that we will have the right to take possession of your Restaurant premises if your Franchise Agreement is terminated.

Development of the Premises

You are responsible for developing the Restaurant and all expenses associated with it. We will furnish you with our standard building plans or general plans for the interior design and layout, fixtures, furnishings, signs and equipment which you must adapt to the premises. You must submit your plans and specifications for adapting general floor plans and interior design and layout to your premises for our approval and any changes to your plans and specifications are subject to our prior approval. Construction or renovation of the premises must be completed within 6 months of the date of the Franchise Agreement.

Insurance

You must purchase and maintain in force comprehensive commercial general liability insurance, including coverages for products/completed operations, contractual liability, explosion, collapse and underground, personal and advertising injury, fire damage/damage to rented premises and medical expenses; worker's compensation and employer's liability insurance and fire, vandalism and extended insurance with the limits that are identified in the Franchise Agreement or the Confidential Operating Manual. All insurance policies must be issued by carriers which we approve and must name us as additional insured and provide for 30 days prior written notice of any material modification, cancellation or expiration of such policy. Our minimum requirements as of the date of this Disclosure Document are as follows:

i. commercial general liability insurance, including coverages for products/completed operations, contractual liability, explosion, collapse and underground, personal and advertising injury, fire damage/damage to rented premises and medical expenses, having a combined single limit for bodily injury and property damage of $1,000,000 per occurrence and $2,000,000 in the aggregate; plus excess liability umbrella coverage for the general liability coverages in an amount of not less than $5,000,000 per occurrence and in the aggregate. The deductibles under such policy shall not be in excess of $25,000;

ii. worker's compensation and employer's liability insurance as well as such other insurance as may be required by statute or rule of the state in which the Restaurant is located; and

iii. fire, vandalism, and extended coverage insurance with primary and excess limits of not less than the full replacement value of the Restaurant and its furniture, fixtures, equipment and inventory.

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	Item in disclosure document
a. Site selection and acquisition/lease	Section V of the Franchise Agreement and Exhibit D to Franchise Agreement	Items 7, 8 and 11
b. Pre-opening purchases/leases	Sections V and X.C. of the Franchise Agreement	Items 6, 7, and 8
c. Site development and other pre-opening requirements	Section V.C. of the Franchise Agreement and Section V of the Area Development Agreement	Items 7 and 8
d. Initial and ongoing training	Section V of the Franchise Agreement	Item 11
e. Opening	Section V of the Franchise Agreement	Item 11
f. Fees	Section IV of the Franchise Agreement and Section II of the Area Development Agreement	Items 5, 6 and 7
g. Compliance with standards and policies/ operating manual	Sections V and VII of the Franchise Agreement	Items 8 and 11

Obligation	Section in agreement	Item in disclosure document
h. Trademarks and proprietary information	Sections VI, VII and VIII of the Franchise Agreement and Section V of the Area Development Agreement	Items 13 and 14
i. Restrictions on products/services offered	Section V of the Franchise Agreement	Item 16
j. Warranty and customer service requirements	Section V of the Franchise Agreement	Not applicable
k. Territorial development and sales quotas	Sections I and III of the Area Development Agreement	Item 12
l. Ongoing product/ service purchases	Section V of the Franchise Agreement	Item 8
m. Maintenance, appearance, and remodeling requirements	Section V of the Franchise Agreement	Item 11
n. Insurance	Section XI of the Franchise Agreement	Items 7 and 8
o. Advertising	Section X of the Franchise Agreement	Items 6, 7, and 11
p. Indemnification	Section XVII of the Franchise Agreement and Section X of the Area Development Agreement	Item 6
q. Owner's participation/ management/staffing	Section V of the Franchise Agreement	Item 15
r. Records and reports	Sections V and IX of the Franchise Agreement	Item 6
s. Inspections and audits	Sections V and IX of the Franchise Agreement	Item 6
t. Transfer	Section XII of the Franchise Agreement and Section VII of the Area Development Agreement	Item 6 and 17
u. Renewal	Section II of the Franchise Agreement	Item 17
v. Post-termination obligations	Sections XIV and XV of the Franchise Agreement and Section VIII of the Area Development Agreement	Item 17
w. Non-competition covenants	Section XV of the Franchise Agreement and Section VIII of the Area Development Agreement	Item 17
x. Dispute resolution	Section XXIII and XXIV of the Franchise Agreement and Section XVI and XVII of the Area Development Agreement	Item 17
y. Other: Liquidated Damages	Section XIV.E of the Franchise Agreement	Item 6
z. Other: Guarantee of franchisee's obligations (Note 1)	Section V.L. of the Franchise Agreement	Item 1 and 15
Note 1: If you are a partnership, corporation or other legal entity, each owner of your legal entity that we request must agree to be personally bound, jointly and severally, by your		

Obligation	Section in agreement	Item in disclosure document
obligations under the Franchise Agreement and the Area Development Agreement.		

Item 10

FINANCING

We do not offer direct or indirect financing to franchisees. We do not guarantee your notes, leases or other obligations.

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 will provide the following pre-opening assistance:

1. We will make available to you our standard building plans or general plans for the interior design, decor and layout of the Restaurant together with specifications for fixtures, furnishings, signs and equipment. (Franchise Agreement Section III.A.)

2. If you have not previously owned or managed a Restaurant, we will provide an initial training program to you and your management, as well as providing a minimum of two representatives to assist you on-site in the opening of your Restaurant as part of our Opening Team. (Franchise Agreement Section III.B.)

3. We will loan you a copy of our Confidential Operating Manual. (Franchise Agreement Section III.D.) The Table of Contents of the Confidential Operating Manual is set forth in Exhibit G.

4. We will provide an initial set of recommended accounting, inventory and inspection forms. (Franchise Agreement Section III.E.)

5. We will counsel and assist you in evaluating prospective Restaurant sites which you submit to us for our approval. (Franchise Agreement Section III.H.)

6. If you have not previously owned or managed a Restaurant, we will provide an opening team for up to 10 days to assist you with on-site training and opening your Restaurant. (Franchise Agreement Section III.I.) You agree to reimburse the Company for the out-of-pocket costs and expenses for the opening team.

Continuing Obligations

We will provide the following assistance during the operation of your Restaurant:

1. We will provide such continuing advisory assistance in the operation of the Restaurant as we deem advisable. (Franchise Agreement Section III.C.)

2. We will conduct as we deem advisable inspections of the Restaurant and evaluations of the products sold and used and services rendered; disseminate to you standards and specifications for non-proprietary items; and, establish standards of quality for products used in and sold by Restaurants. (Franchise Agreement Section III.F.)

3. We will provide you, either directly or through approved suppliers, Proprietary Items at prices in effect at the time of your purchases or you will be provided the recipes for all or some of such Proprietary Items. (Franchise Agreement Section III.G.)

4. At your request, we will provide special assistance for which you will be required to pay per diem fees and charges, in addition to your reimbursement for our out-of-pocket costs and expenses incurred in connection with providing such assistance. (Franchise Agreement Section III.J.)

5. We, at our discretion, may establish and administer an advertising fund for the development of advertising and related promotions and materials. (Franchise Agreement Section X)

Site Selection

You select the site for your Restaurant, subject to our express written approval. We will have 30 days after receipt of complete information regarding the prospective site to approve or disapprove, in our sole discretion, the proposed site for the Restaurant, during which time we will counsel and advise you in evaluating your site, as we deem appropriate. Before you lease a site, you must submit to us to the proposed lease agreement. You must also sign, and cause the lessor of the premises to sign, a lease rider in the form as attached as Exhibit D to the Franchise Agreement, which includes a collateral assignment of lease and states, among other things, that we will have the right to take possession of your Restaurant premises if your Franchise Agreement is terminated.

We estimate the time from the date you sign the Franchise Agreement to the date you open your Restaurant will be between 4 to 9 months. However, this time estimate may vary depending on a number of factors including location, construction schedules and financing. You must complete construction, renovation, remodeling and equipping of the Restaurant within 9 months of the date of the Franchise Agreement.

Confidential Operating Manual

Exhibit G to this disclosure document is a table of contents of our Confidential Operating Manual. The total number of pages in our Confidential Operating Manual is 81 pages. In addition to printed materials, the Confidential Operating Manual may consist of computerized documents or software, information provided on the internet or an extranet, DVDs or any other medium we adopt periodically for use and designate as part of the Confidential Operating Manual.

Training

Before you open your Restaurant, you (or the Operating Partner described in Item 15) and any manager of the Restaurant must successfully complete, to our satisfaction, an initial training program.

The initial training program consists of both classroom and hands on training covering all phases of Restaurant operations, including food preparation, equipment operation and maintenance, cost control, inventory control and the basic techniques of management. The in-store training will be conducted at a Guthrie's Restaurant in Tuscaloosa, Auburn or Opelika, Alabama for a minimum period of 2 weeks. The classroom training will be conducted at our home office in Auburn, Alabama. Generally, training is conducted 30 days before opening your Restaurant. The training program is intended to promote and maintain the Proprietary Marks and System and not to control the day to day operation of the Restaurant.

As of the date of this disclosure document, we do not have a formal training staff. Training is conducted by various members of our staff and Guthrie's Restaurant management personnel who have experience in the operation of Guthrie's Restaurants. The training is currently conducted under the supervision of Joe Kelly Guthrie or Matthew Myers (see Item 2). Joe Kelly Guthrie has 17 years of experience with us, and 28 years of experience in the field. Matthew Myers has 7 years of experience with us, and 12 years of experience in the field.

We will not charge any fees for attending the initial training program. However, as described in Item 6, you will be responsible for all compensation and expenses (including travel, meals and lodging) incurred in connection with training. Neither you nor any of your employees will receive any compensation from us for services performed during training. If you (or your Operating Partner), or your designated managers cannot complete initial training to our satisfaction, we may terminate the Franchise Agreement. Any replacement Operating Partner or manager must successfully complete to the satisfaction of Franchisor the initial training program provided by Franchisor.

Instructional materials for the initial training program will include the Confidential Operating Manual, standard forms and training manuals. The subjects covered and the approximate hours of classroom and on-the-job training are described below.

TRAINING PROGRAM

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF ON-THE-JOB TRAINING	LOCATION
Orientation	2	N/A	Tuscaloosa, Auburn, or Opelika, Alabama
Food Prep	1	10	Tuscaloosa, Auburn, or Opelika, Alabama
BOH Training	2	60	Tuscaloosa, Auburn, or Opelika, Alabama
FOH Training	N/A	20	Tuscaloosa, Auburn, or Opelika, Alabama
Cashier/Drive Thru	2	20	Tuscaloosa, Auburn, or Opelika, Alabama
Safety\Security	2	1	Tuscaloosa, Auburn, or Opelika, Alabama
Customer Service	3	2	Tuscaloosa, Auburn, or Opelika, Alabama

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF ON-THE-JOB TRAINING	LOCATION
Staffing (recruiting, selection, interviewing, hiring, firing, leadership skills	4	1	Tuscaloosa, Auburn, or Opelika, Alabama
Food Safety/ Sanitation	3	3	Tuscaloosa, Auburn, or Opelika, Alabama
Catering	1	2	Tuscaloosa, Auburn, or Opelika, Alabama
Training Systems	1	2	Tuscaloosa, Auburn, or Opelika, Alabama
Inventory\ ordering	2	5	Tuscaloosa, Auburn, or Opelika, Alabama
Regular Maintenance	1	2	Tuscaloosa, Auburn, or Opelika, Alabama
Administrative	3	3	Tuscaloosa, Auburn, or Opelika, Alabama
Marketing	2	1	Tuscaloosa, Auburn, or Opelika, Alabama
Finals	1	2	Tuscaloosa, Auburn, or Opelika, Alabama
TOTAL	30	134	

Grand Opening Training. When your Restaurant is ready to open you will be expected to follow our new Restaurant opening processes. You also must prepare the Restaurant for opening and pass our inspections and approval prior to opening. For your Restaurant opening, we will provide a minimum of two representatives, in our discretion, of our Opening Team to be present at your Restaurant to assist with various operational and training matters for a period of two to four weeks. You must pay for all food, transportation, lodging, and other expenses for the staff we provide, plus our then-current fee, which is $2,500 per Opening Team representative per week as of the date of this Disclosure Document.

In addition to the initial training program, we may require you or your managers to attend and successfully complete periodic or additional training programs, and we may periodically conduct a conference or convention, including, if we establish one, our annual franchise convention for all System franchise owners at a location that we choose and approve. As of the date of this disclosure document, we do not offer additional training programs or refresher courses but may establish them in the future. We may charge a reasonable fee for these sessions and you must pay all expenses incurred in attending, including the travel, living and other expenses and wages of your employees while attending all training programs.

If, at any time during your operation of the Restaurant, you request that we provide additional training or assistance, or if we determine that you require additional training or assistance you must pay our then-current per diem training fee for each trainee, and you must reimburse us for all out of pocket costs and expenses incurred by our trainers associated with the additional training, including travel, lodging, meals and other reasonable expenses. Neither you nor your employees will receive any compensation from us for services performed during training. You will bear all other expenses incurred in such training, such as the costs of transportation, lodging, meals, wages, and worker's compensation insurance.

Advertising

We may, at our sole discretion, establish and administer a national or regional advertising fund (the "**Fund**"). Once established, you must contribute to the Fund, amounts that we institute from time to time, not to exceed 2% of your Gross Sales, payable monthly by the 5th day of each month. Note, contributions to the Fund are separate from your minimum local advertising payments. Our Company Owned Restaurants will contribute to the Fund on the same basis. As of the date of this disclosure document, we have not established the Fund. Once established, we (or our designee, which might be a corporate subsidiary or affiliate or an advertising agency or consulting firm) may maintain and administer the Fund, as follows:

(a) We (or our designee) will direct all advertising programs, with the sole right to decide the concepts, materials, and media used in these programs and the placement and allocation of the programs, and retain sole discretion over the operation and advertising decisions of the Fund. The Fund is for brand development initiatives and programs intended to maximize general public recognition, acceptance, and use of the System. Neither we nor our designee will be obligated to make expenditures for you that are equivalent or proportionate to your Advertising Contributions, or to make sure that you or any particular franchisee benefits directly or pro rata from expenditures by the Fund, or to spend any amounts in any particular geographic area. Any Restaurant owned or operated by us or our affiliates will not contribute to the Fund. We may use outside advisors and agencies for advertising, marketing, public relations, Website and social media programs (and other successor technology platforms), and Advertising Contributions may be used to pay all advisor and agency fees and/or offset administrative costs of managing the Fund.

(b) The Fund, and all contributions to and earnings from the Fund, will be used exclusively to meet the costs of marketing and any other activities that we believe will enhance the System's image and, in our sole discretion, promote general public awareness of and favorable support for the System. This includes the costs of preparing and conducting media marketing campaigns and System advertising, marketing and sales programs and campaigns; consumer research and marketing surveys designed to assist in maintaining high quality standards; public relations activities; trade show participation (including travel and expenses for our staff); the development and operation of a national and regional accounts program; on-line directory listings; developing and maintaining our Website and other Internet marketing, as well as social media and other digital applications (and other successor technology platforms); sponsorship of organizations and events; purchasing promotional items and advertising materials; out-of-pocket expenses (including printing, postage, shipping, telephone and photocopying); our allocable overhead and administrative costs (including compensation and expenses of employees relating to the Fund); and providing promotional and other marketing materials and services to the Restaurants operating under the System. We do not expect to spend any money from the Fund for advertising that is primarily a solicitation of franchise sales except for the portion, if any, of our Website specifically relating to soliciting franchisees.

(c) All sums paid to the Fund will be maintained in an account separate from our general funds. The Fund is not and will not be our asset, and we or our designee will maintain separate bookkeeping accounts for the Fund. We will have the right to charge the Fund for the reasonable administrative costs and overhead that we incur in activities reasonably related to the direction and implementation of the Fund and advertising programs for you and the System (for example, salaries, costs of our personnel for creating and implementing, advertising, merchandising, promotional and marketing programs and associated overhead). The Fund and its earnings will not otherwise inure to our benefit. We have no fiduciary obligation to you for administering the Fund. We may incorporate the Fund or operate it through a separate entity when we think best. The successor entity will have all of the rights and duties described in this paragraph. We may use collection agents and institute legal proceedings to collect the Advertising Contributions at the Fund's expense. We also may forgive, waive, settle and compromise all claims by or against the Fund. We assume no other direct or indirect liability or obligation to you for collecting amounts due to, maintaining, directing, or administering the Fund.

(d) We may occasionally make available to franchisees marketing plans and promotional materials produced from contributions to the Fund. Additionally, we may sell these items to franchisees in the System at a reasonable price, and any proceeds from any of those sales will be contributed to the Fund.

(e) The Fund may spend in any calendar year more or less than the total Advertising Contributions in that year, borrow from us or others to cover deficits (which borrowing will include the payment of interest) or invest any surplus for future use. We will use interest earned on Advertising Contributions to pay costs before spending the Fund's other assets. We anticipate all of our franchisees will contribute to the Fund, although there is no prohibition against us charging higher or lower rates for future franchisees. We may at any time defer or reduce a franchise owner's Advertising Contributions and, upon written notice to you, reduce or suspend Advertising Contributions and operations for one or more periods of any length and terminate (and, if terminated, reinstate) the Fund. If we terminate the Fund, we will either spend all monies in the Fund for advertising or promotional purposes, or distribute all unspent monies to franchise owners, and to us and our affiliates, in proportion to their, and our, respective contributions during the preceding twelve month period.

(f) We will prepare, on an annual basis, an unaudited statement of the earnings and expenditures of the Fund, and a copy of this statement will be made available within 60 days of our fiscal year end upon your written request. We are not required to have the Fund audited.

You must develop and implement a grand opening promotion approved by us for your Restaurant. This includes the purchase of a grand opening promotional kit from an approved supplier designated by us. You must spend a minimum of $4,000 on your grand opening promotion.

Local Advertising

In addition to contributions to the Fund, we require you to spend at least 2% of your monthly Gross Sales annually on local advertising (e.g., marketing, promotions, publicity, social network). We have the right to require that you provide us with proof that these funds were spent. If you fail to meet your required monthly local advertising requirement, you must pay us the difference between the amount you spent and the required advertising expenditure. Company or affiliate owned Restaurants are not required to spend any minimum percentage of their Gross Sales on local advertising; however, they will make expenditures in local advertising programs, as appropriate.

Certain criteria will apply to any local advertising and promotions that you conduct. All of your local advertising and promotions 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 must follow the procedures provided in the Operations Manual with respect to all advertising and promotional requirements. You may not use any advertising or promotional plans that we have not approved in writing. Your prices must also be approved by us. We will have 15 days after submission to us to review your proposed advertising and promotional plans and materials and/or prices. Unless we provide our specific approval in writing of your proposed advertising and promotional plans and materials, and prices, they are deemed not approved. Any advertising that you propose to use that has either not been prepared by us or has not been approved by us in the immediately preceding 12 month period must be submitted to us for our approval before you may use it. We also reserve the right to require you to discontinue the use of any previously approved advertising, promotional, sales, or marketing materials. Any materials you request us to create or submit to us for our review will become our property, and there will be no restriction on our use or distribution of these materials. At our request, you must include certain language in your local advertising materials, such as "Franchises Available" and our Website address, telephone number, social media icons, and addresses.

We do not have a local or regional advertising cooperative franchisees must participate in or an advertising council comprised of franchisees. Other than the Fund, you do not have to participate in any other advertising fund. You must participate in all gift certificate, gift card, loyalty, and rewards programs sponsored at any time by us.

Computer/Cash Register/POS System

You must obtain and use the computerized cash collection, data processing and other technology systems we recommend to enable you to transmit Gross Sales information and other data to the Company. You are also responsible for purchasing compatible hardware from a supplier we select. Each Restaurant will have from 1 to 4 cash register systems with a back office PC at an approximate cost ranging from $8,250 for a 1 register system, to $19,000 for a 4 register system, which includes set up and the PAR PixelPoint POS Software license(s). The annual estimated cost for maintenance of the computer/register system is between $300 and $900, depending on how many register systems you deploy.

You are required to purchase computer hardware and software from our designated vendor meeting the following specifications. Currently, our designated vendor is Blue Ridge Technology.

- PAR EverServ 600 POS All-in-One Terminal
    - Intel J1900 2 GHz Processor
    - 4 GB RAM

- 64 GB SSD
  - 15" touch screen with built-in swipe reader
- Epson Auto-Cut Thermal Receipt Printer
- Epson Auto-Cut Thermal Kitchen Printer
- Dual Media Cash Drawer with Keylock, Insert & Cable
- Additional Cash Drawer Insert
- HP Back Office PC
  - 8 GB RAM, 256 GB SSD
  - Microsoft Windows 10 Pro
  - 21" LCD Screen
  - Keyboard and Mouse
- Battery Backup
- Kitchen Display System (23" LCD Screen, Mounting Kit)
- PixelPoint Professional Software Licenses
- Heartland Credit Card Software
- Internet Connectivity
- Private and secure wired and wireless internal management network.

Item 12

TERRITORY

Franchise Agreement

The Franchise Agreement grants you the right to own and operate a Restaurant at a specified location approved by us. You may not conduct the business of your Restaurant at any other site. Any relocation of your Restaurant would require our express permission before such relocation and an amendment to your Franchise Agreement. We have not established a set of conditions or criteria under which we evaluate or approve relocation requests. The Franchise Agreement does not provide you with any options, rights of first refusal or similar rights to acquire additional franchises.

As long as you remain in compliance with the Franchise Agreement, and except as noted below, we will not establish, or license anyone other than you or your affiliates the right to establish, a Restaurant within your Protected Area. The "Protected Area" consists of a 1 mile radius from the center of your premises, if the Restaurant is located in a Metropolitan Statistical Area (as determined by the United States Census Bureau) with a population in excess of 100,000, or a 2 mile radius from the center of the premises if the Restaurant is located in a Metropolitan Statistical Area with a population of 100,000 or less. Continuation of this Protected Area is not dependent upon your achievement of a certain sales volume, market penetration or other contingency.

Except for the rights expressly granted to you under the Franchise Agreement, we retain all of our rights and discretion with respect to the Proprietary Marks, the System and other Restaurants. Under the Franchise Agreement, we have reserved the right to establish anywhere franchises and/or company-owned or affiliate-owned restaurants or outlets selling similar products and providing similar services (including within your Protected Area) under names and symbols other than the Proprietary Marks, even if these restaurants or outlets are near your Restaurant. Nevertheless, as of the date of this disclosure document, we have no present plans to exercise any of these rights. We also reserve the right to operate businesses using the Proprietary Marks to distribute products or offer services (including through the Internet, worldwide web, mail order, catalogs or other forms of distribution channels or methods) that may be similar to or different from those found in the Restaurants, both within and outside your Protected Area, so long as we do not do so through the operation of a Restaurant. We also reserve the right to sell products identified with the Proprietary Marks both within and outside your Protected Area through any distribution channel or method (whether at retail or wholesale), including sales through catalogs, e-commerce, mail order, kiosks, mass merchandise, supermarkets and club stores, except through the operation of a Restaurant, even if you sell these products at your Restaurant. As one example, we have the right to sell Guthrie's food products through a nationwide retail chain even if the chain has facilities located within your Protected Area. You will not receive any compensation if we solicit or accept orders in connection with such businesses or sales of products within your Protected Area. We also have reserved the right to establish and operate, and license to franchisees and our affiliates the right to establish and operate, Restaurants in the Protected Area that are located at what we determine to be non-traditional sites.

You have no right to sell any products from any location other than your Restaurant and you have no right to sell products through the Internet or worldwide web, through mail order or catalogs, through telemarketing or other direct marketing or through any other form of distribution channel or method. You have no right to use the Proprietary Marks in connection with any business other than a Restaurant. We have the right to engage in any other activities not expressly prohibited in the Franchise Agreement. Except for the grant of limited territorial protection against us establishing, or licensing anyone other than you or your affiliates the right to establish, a Restaurant within your Protected Area, you will not receive an exclusive territory under the Franchise Agreement. You may face competition from other franchisees, from Restaurants that we own, or from other channels of distribution or competitive brands that we control.

Area Development Agreement

The Area Development Agreement grants you the right to develop an agreed upon number of Restaurants within a geographical area described in Exhibit A to the Area Development Agreement (the "Development Area"). The size of the Development Area will depend on the number of Restaurants suitable for the Development Area, as determined by us and you in light of such factors as population density and the residential or commercial character of the area. The number of Restaurants and the dates they are to be opened and operating will be set out in Exhibit A to the Area Development Agreement (the "Development Schedule").

During the term of the Area Development Agreement and provided you are in compliance with the Area Development Agreement and all other agreements with the Company (including the Franchise Agreements signed pursuant to the Area Development Agreement), except as noted below, we will:

(a) grant to you in accordance with Section 1 of the Area Development Agreement, that cumulative number of franchises for the Restaurants set forth in Exhibit A to the Area Development Agreement, all of which are to be located within the Development Area; and

(b) during the term of the Area Development Agreement, not establish, or license anyone other than you the right to establish, a Restaurant, whether franchised or a Company-Owned Restaurant, within the Development Area.

Except for the rights expressly granted to you under the Area Development Agreement, we retain all of our rights and discretion with respect to the Proprietary Marks, the System and other Restaurants, including those rights described above with respect to the Franchise Agreement. Except for the grant of limited territorial protection against us establishing, or licensing anyone other than you or your affiliates the right to establish, a Restaurant within your Development Area, you will not receive an exclusive territory under the Area Development Agreement. You may face competition from other franchisees, from Restaurants that we own, or from other channels of distribution or competitive brands that we control.

You are required to have open and operating in the Development Area, the cumulative number of Restaurants set out in the Development Schedule. Your failure to develop and operate Restaurants in accordance with the Development Schedule will be a material breach of the Area Development Agreement, allowing us to terminate the Area Development Agreement. Upon the termination of the Area Development Agreement, any Franchise Agreements entered into pursuant to the Area Development Agreement will remain in full force and effect provided you are not in default thereunder.

Competitive Business

We do not currently operate, or franchise the operation of, any business selling under different trademarks any products or services similar to the products and services offered by Guthrie's Restaurants, and we presently do not have any plans to do so.

Item 13

TRADEMARKS

Under the Franchise Agreement, the Company grants you the right and license to use the Proprietary Marks and the System solely in connection with your Restaurant. You may use only the Proprietary Mark "Guthrie's" and such other Proprietary Marks as are designated in writing by the Company for your use and you may use them only in the manner authorized and permitted by the Company. You may not directly or indirectly contest the Company's ownership of or rights in the Proprietary Marks.

The Company's affiliate, GH, has registered its primary Proprietary Mark with the United States Patent and Trademark Office ("PTO") on the principal register as follows:

"Guthrie's"
Registration Number: 4378492
Registration Date: August 6, 2013

The Company has rights to license the use of the Guthrie's Proprietary Marks pursuant to a Master Trademark and Service Mark License Agreement with GH.

There are no effective material determinations of the PTO, the Trademark Trial and Appeals Board or the Trademark Administrator of any state or any court relating to the Proprietary Marks. There is no pending infringement, opposition or cancellation involving the Proprietary Marks. There is no pending material litigation involving the Proprietary Marks. There are no agreements in effect which significantly limit our right to use or license the use of the Proprietary Marks in a manner material to the franchise. All affidavits and renewals required to be filed have been filed.

The Franchise Agreement grants to you the right to use our current and future Proprietary Marks to identify the products and or services offered by Restaurants. We have the right to require you to modify or discontinue your use of any of the Proprietary Marks. If we exercise this right, we will provide advance notice to all franchisees. We will have no liability or obligation for your modification or discontinuance of any Proprietary Mark or promotion of a substitute trademark, service mark or trade dress.

You must follow our rules when using our Proprietary Marks. You must receive our approval when choosing your corporate name and you cannot use the Proprietary Marks as a part of the corporate name or with modifying words, designs or symbols without our consent. All of your usage of the Proprietary Marks and any goodwill you establish is to our exclusive benefit and you retain no right in the Proprietary Marks on termination or expiration of the Franchise Agreement. You must also obtain fictitious or assumed name registrations as we require, or under applicable law.

The Franchise Agreement does not contain any provisions under which the Company is required to defend or indemnify you against any claims of infringement or unfair competition arising out of your use of the Proprietary Marks. You must immediately notify us of any apparent infringement of or challenge to your use of any Proprietary Mark or claim by any person of any rights to any Proprietary Mark. We will have the sole discretion to take any action we deem appropriate and will have the right to control exclusively, any litigation or PTO or other administrative proceedings arising out of any infringement, challenge or claim or otherwise relating to any Proprietary Mark. You must execute any and all instruments and documents, provide assistance and do such things as, in the opinion our counsel, may be necessary or advisable to protect our interest in any litigation or PTO or other proceeding or otherwise to protect our interest in the Proprietary Marks. We have no obligation under the Franchise Agreement to protect you against or reimburse you for any damages for which you are held liable.

You are not granted any trademark or service mark rights under the Area Development Agreement.

We do not know of any superior rights or infringing uses that could materially affect your use of the Proprietary Marks. However, as discussed above, we have been granted a license to the Proprietary Marks from GH.

Item 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

The Company owns no rights in or to any patents or copyrights which are material to the franchise. We claim copyright protection of our Confidential Operating Manual and related materials, our form Franchise Agreement and advertising and promotional materials. Although these materials have not been registered, they are considered proprietary and confidential and are considered our property. You must use them only as provided in the Franchise Agreement.

There are no agreements in effect which significantly limit our right to use or license the use of the copyrighted materials. We do not know of any infringing uses, which could materially affect your use of the copyrighted materials in any state. We are not required by the Franchise Agreement to protect or defend copyrights.

We will disclose to you certain confidential and proprietary information and trade secrets. Except as is necessary in connection with the operation of the Restaurant and only as we approve, you may not use for your own benefit or communicate to any other person or entity any of our trade secrets and confidential information. You may disclose to your employees only such information and trade secrets as are necessary to protect your business and, then, only while the Franchise Agreement is in effect. You must have your key personnel sign a confidentiality agreement protecting our trade secrets and confidential information.

Item 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

If you are an individual, the Franchise Agreement requires you to devote your full time and best efforts on the development and operation of the Restaurant and you may not conduct any other competitive business during the term of the Franchise Agreement. If you are a corporation, limited liability company, or other legal entity, the Franchise Agreement requires that you designate a natural person who owns at least 10% of the equity interest as the "Operating Partner". The Franchise Agreement requires the Operating Partner to devote his or her full time effort and best efforts to the development and operation of the Restaurant. Neither you nor the Operating Partner shall engage in any other business or activity that requires substantial management responsibility or time commitments or otherwise may conflict with your obligation under the Franchise Agreement. If you, individually, or an Operating Partner will not manage or operate the Restaurant, you must have a fully trained manager operate and manage the Restaurant.

If you or your Operating Partner have not previously owned or managed a Restaurant or if any manager of the Restaurant has not previously managed a Restaurant then you, the Operating Partner and/or any manager must attend and successfully complete our initial training program and all other training courses required by the Company to our complete satisfaction.

If your managers are not already bound by the Franchise Agreement, we may require them to sign a nondisclosure agreement in the form(s) prescribed by us. This nondisclosure agreement will prohibit them from directly or indirectly disclosing our confidential and proprietary information and trade secrets. We also may require your assistant managers, other personnel performing managerial or supervisory functions and all personnel receiving special training from us to enter into the same nondisclosure agreement.

If you are a partnership, corporation, limited liability company, or other legal entity, each owner of your equity that we request must undertake to be personally bound, jointly and severally, by your obligations under the Franchise Agreement and the Area Development Agreement. The guarantees will be in the form of the Guaranty and Assumption of Obligations attached as Exhibit B to the Franchise Agreement and Exhibit C to the Area Development Agreement.

Item 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

Franchise Agreement

You must operate the Restaurant in strict conformity with all prescribed methods, procedures, policies, standards and specifications of the System, as required by the Confidential Operating Manual and in writing from the Company from time to time.

The Company requires you to offer and sell only those goods and services that the Company has approved. We maintain a written list of our approved suppliers in our Confidential Operating Manual and we may change this list from time to time. You must offer all goods and services that we designate as required for all franchisees. We have the right to add additional goods and services that each Restaurant is required to offer. You may not offer for sale any products or services that we have not approved. You cannot operate any other business activity from the Restaurant nor can you place at the Restaurant any vending, video game or other machines or signs or posters without our consent. You must maintain at all times, an inventory of approved products sufficient in quantity, quality and variety to realize your Restaurant's full potential. You are not restricted in the customers you may serve.

Area Development Agreement

The Area Development Agreement contains no provision restricting the goods and services you may offer. However, with respect to each Restaurant developed under the Area Development Agreement, you will be subject to the restrictions on goods and services contained in our standard Franchise Agreement. The restrictions in our current Franchise Agreement are set out above.

[THE REST OF THIS PAGE INTENTIONALLY LEFT BLANK.]

Item 17

RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

FRANCHISE AGREEMENT

Provision	Section in Franchise Agreement	Summary
a. Length of the franchise term	Section II.A.	10 years after the date of the opening of the Restaurant.
b. Renewal or extension of the term	Section II.B.	10 year renewal if you meet stated renewal requirements, including payment of a renewal fee.
c. Requirement for franchisee to renew or extend	Section II.B.	Written notice to us; complete maintenance, renovation and remodeling of premises; not in default of the Franchise Agreement, Area Development Agreement or any other agreement; satisfy monetary obligations to us; right to premises for renewal term; sign then-current form of Franchise Agreement, the terms of which may differ from the terms of your Franchise Agreement; you and your owners sign a release; comply with then-current qualifications and training requirements.
d. Termination by franchisee	None	Not applicable.
e. Termination by franchisor without cause	None	Not applicable.
f. Termination by franchisor with cause	Section XIII	We can terminate only if you default.
g. "Cause" defined – curable defaults	Section XIII.C.	You have 30 days to cure defaults not listed in Section XIII.A and B of the Franchise Agreement.
h. "Cause" defined – non-curable defaults	Section XIII.A. and B.	Insolvency, bankruptcy, receivership, assignment for the benefit of creditors or foreclosure; failure to timely open the Restaurant, cease doing business at the Restaurant or loss of premises; conviction of or plea of no contest to a felony or other crime; misuse or unauthorized use of Proprietary Marks; challenge of our ownership of any Proprietary Marks; filing a lawsuit involving any Proprietary Mark without our consent; threat or danger to public health or safety; transfer

Provision	Section in Franchise Agreement	Summary
		contrary to the terms of the Franchise Agreement; breach of in-term covenants; disclosure of confidential information; failure to timely transfer on death, incapacity or dissolution; repeated defaults, even if cured; misrepresentation in connection with the Franchise Agreement.
i. Franchisee's obligations on termination/non-renewal	Section XIV.	Cease to operate the Restaurant and use of names and Proprietary Marks; completely deidentify premises; pay us amounts owed; pay liquidated damages; return Confidential Operating Manual; comply with post-term covenants (see "r" below); assign telephone numbers and listings for the Restaurant.
j. Assignment of contract by franchisor	Section XII.A.	No restriction on our right to assign.
k. "Transfer" by franchisee - defined	Section XII.B.	Includes sale, assignment, transfer, conveyance, gift, pledge, mortgage or other encumbrance of the Franchise Agreement or the Restaurant or ownership interest in your entity.
l. Franchisor approval of transfer by franchisee	Section XII.B.	We have the right to approve any transfer but will not unreasonably withhold approval if you meet our conditions and subject to our right of first refusal.
m. Conditions for franchisor approval of transfer	Section XII.B.	All obligations to us are satisfied; you and your owners sign a release; transferee must qualify and either assume Franchise Agreement or sign a new Franchise Agreement and complete training; pay transfer fee (unless a transfer to a corporation for convenience of ownership or upon death, incapacity or dissolution).
n. Franchisor's right of first refusal to acquire franchisee's business	Section XII.E.	We can match any offer for the purchase of your interest in the franchise, the Franchise Agreement or any other rights granted to you.
o. Franchisor's option to purchase franchisee's business	Section XIV.G.	Upon expiration or termination of Franchise Agreement, we can purchase any or all of the assets of the Restaurant at fair market value.
p. Death or disability of franchisee	Section XII.F.	Upon death or incapacity of you or any owner, or dissolution of your entity, interests in the franchise, the Franchise Agreement and any rights granted to you must be transferred to a qualified person or entity within a reasonable time.
q. Non-competition covenants during the term of the franchise	Section XV.A.	No interest or participation in a competitive business anywhere; no employment of our or any other franchisee's employees.

Provision	Section in Franchise Agreement	Summary
r. Non-competition covenants after the franchise is terminated or expires	Section XV.B.	For 24 months after termination or expiration, no interest or participation in a competitive business within your Protected Area or within 3 miles of any Guthrie's in operation or under construction.
s. Modification of agreement	Section XX.	No modification except by written agreement signed by both parties; we may modify the Confidential Operating Manual.
t. Integration/merger clause	Section XX.	Only the terms of the Franchise Agreement are binding (subject to state law); any other promises are unenforceable.
u. Dispute resolution by arbitration or mediation	Section XXIII.	Except for certain claims, all disputes must be arbitrated.
v. Choice of forum	Section XXIII.C.	Litigation or arbitration must be held in Birmingham, Alabama.
w. Choice of law	Section XXII.	Alabama law applies.
y. Other: Liquidated Damages	Section XIV.E.	You must pay us liquidated damages if termination of your Franchise Agreement occurs.

AREA DEVELOPMENT AGREEMENT

Provision	Section in Area Development Agreement	Summary
a. Length of the development term	Section IV.A.	Until the date the last Restaurant on the Development Schedule is required to open.
b. Renewal or extension of the term	None	Not applicable.
c. Requirements for you to renew or extend	None	Not Applicable.
d. Termination by developer	None	Not applicable.
e. Termination by franchisor without cause	None	Not applicable.
f. Termination by franchisor with cause	Section VI	We can terminate only if you default.
g. "Cause" defined – curable defaults	Section VI.C.	You have 30 days to cure defaults not listed in Section VI.B and C of the Franchise Agreement.
h. "Cause" defined – non-curable defaults	Section XIII.A. and B.	Insolvency, bankruptcy, receivership, assignment for the benefit of creditors or foreclosure; Franchise Agreement for any Restaurant is terminated; conviction of or plea of no contest to a felony or other crime; misuse or unauthorized use of Proprietary Marks;

16440847

Provision	Section in Area Development Agreement	Summary
		challenge of our ownership of any Proprietary Marks; filing a lawsuit involving any Proprietary Mark without our consent; transfer contrary to the terms of the Area Development Agreement; breach of in-term covenants; disclosure of confidential information; failure to timely transfer on death, incapacity or dissolution; repeated defaults, even if cured; misrepresentation in connection with the Area Development Agreement.
i. Developer's obligations on termination/non-renewal	Section VIII.	Comply with post-term covenants (see "r" below).
j. Assignment of contract by franchisor	Section VII.A.	No restriction on our right to assign.
k. "Transfer" by developer - defined	Section VII.B.	Includes sale, assignment, transfer, conveyance, gift, pledge, mortgage or other encumbrance of the Area Development Agreement or ownership interest in your entity.
l. Franchisor approval of transfer by developer	Section VII.	We have the right to approve any transfer but will not unreasonably withhold approval if you meet our conditions and subject to our right of first refusal.
m. Conditions for franchisor approval of transfer	Section VII.	All obligations to us are satisfied; you and your owners sign a release; transferee must qualify and either assume Area Development Agreement or sign a new Area Development Agreement and complete training; pay transfer fee (unless a transfer to a corporation for convenience of ownership or upon death, incapacity or dissolution).
n. Franchisor's right of first refusal to acquire developer's business	Section VII.F.	We can match any offer for the purchase of your interest in the developer, the Area Development Agreement or any other rights granted to you.
o. Franchisor's option to purchase developer's business	None	Not applicable.
p. Death or disability of developer	Section VII.G.	Upon death or incapacity of you or any owner, or dissolution of your entity, interests in the developer, the Area Development Agreement and any rights granted to you must be transferred to a qualified person or entity within a reasonable time.
q. Non-competition covenants during the term of the development	Section VIII.A.	No interest or participation in a competitive business anywhere; no employment of our or any other franchisee's employees.

16440847

Provision	Section in Area Development Agreement	Summary
agreement		
r. Non-competition covenants after the development agreement is terminated or expires	Section VIII.B.	For 24 months after termination or expiration, no interest or participation in a competitive business within your Development Area, or within 3 miles of any Guthrie's in operation or under construction.
s. Modification of the agreement	Section XIV.	No modification except by written agreement signed by both parties.
t. Integration/merger clause	Section XIV.	Only the terms of the Area Development Agreement are binding (subject to state law); any other promises are unenforceable.
u. Dispute resolution by arbitration or mediation	Section XVI.	Except for certain claims, all disputes must be arbitrated.
v. Choice of forum	Section XVI.C.	Litigation or arbitration must be held in Birmingham, Alabama.
w. Choice of law	Section XIV.	Alabama law applies.

Applicable state law may require additional disclosures related to the information in this disclosure document. These additional disclosures appear in Exhibit I attached to this disclosure document.

Item 18

PUBLIC FIGURES

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

Item 19

FINANCIAL PERFORMANCE REPRESENTATIONS

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

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Joe

Kelly Guthrie, Guthrie's Franchising, Inc., 2320 Moore's Mill Road, Suite 600, Auburn, Alabama 36830, (334) 887-6555, the Federal Trade Commission, and the appropriate state regulatory agencies.

[THE REST OF THIS PAGE INTENTIONALLY LEFT BLANK.]

Item 20

OUTLETS AND FRANCHISEE INFORMATION

Table No. 1

Systemwide Outlet Summary
For Years 2018 to 2020

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2018	21	21	0
	2019	21	25	+4
	2020	25	27	+2
Company-Owned	2018	5	7	+2
	2019	7	10	+3
	2020	10	10	0
Total Outlets	**2018**	**26**	**28**	**+2**
	2019	**28**	**35**	**+7**
	2020	**35**	**37**	**+2**

Table No. 2

Transfers of Outlets from Franchisees to New Owners
(Other than the Company) for Years 2018 to 2020

State	Year	Number of Transfers
Total	2018	0
	2019	+1
	2020	0

Table No. 3

Status of Franchise Outlets
For Years 2018 to 2020*

State	Year	Outlets at Start of Year	Outlets Opened	Termi-nations	Non-Renewals	Reacquired by Company	Ceased Opera-tions – Other Reasons	Outlets at End of the Year
Alabama	2018	13	0	0	0	0	0	13
	2019	13	0	0	0	0	0	13
	2020	13	0	0	0	0	0	13
Florida	2018	2	0	0	0	1	0	1
	2019	1	1	0	0	0	0	2
	2020	2	1	0	0	0	0	3
Georgia	2018	2	0	0	0	0	0	2
	2019	2	1	0	0	0	0	3
	2020	3	0	0	0	0	0	3

Kentucky	2018	2	0	0	0	0	0	2
	2019	2	1	0	0	0	0	3
	2020	3	0	0	0	0	0	3
Ohio	2018	1	1	0	0	0	0	2
	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	1	1
Tennessee	2018	1	0	0	0	0	0	1
	2019	1	1	0	0	0	0	2
	2020	2	1	0	0	0	0	3
Total	**2018**	**21**	**1**	**0**	**0**	**1**	**0**	**21**
	2019	**21**	**4**	**0**	**0**	**0**	**0**	**25**
	2020	**25**	**2**	**0**	**0**	**0**	**1**	**26**

*If multiple events occurred affecting an outlet, this table shows the event that occurred last in time.

Table No. 4

Status of Company-Owned Outlets
For Years 2018 to 2020

State	**Year**	**Outlets at Start of Year**	**Outlets Opened**	**Outlets Reacquired from Franchisee**	**Outlets Closed**	**Outlets Sold to Franchisee**	**Outlets at End of The Year**
Alabama	2018	3	1	0	0	0	4
	2019	4	1	0	0	0	5
	2020	5	0	0	0	0	5
Florida	2018	2	0	1	0	0	3
	2019	3	1	0	1	0	3
	2020	3	0	0	0	0	3
Georgia	2018	0	0	0	0	0	0
	2019	0	2	0	0	0	2
	2020	2	1	0	0	0	3
Total	**2018**	**5**	**1**	**1**	**0**	**0**	**7**
	2019	**7**	**4**	**0**	**1**	**0**	**10**
	2020	**10**	**1**	**0**	**0**	**0**	**11**

Table No. 5

Projected Openings as of December 31, 2020

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
Alabama	5	3	3
Florida	0	0	1
Georgia	5	5	1
Ohio	0	0	0
Tennessee	0	2	0
Kentucky	0	0	0
North Carolina	0	0	2
Total	**10**	**10**	**7**

As of December 31, 2020, there were 8 Restaurants committed to be established and opened in the future under Area Development Agreements dated before December 31, 2020, and we anticipate that all 8 of those Restaurants are likely to be opened in the future under those Area Development Agreements. Such Restaurants are included in the figures above.

The names, addresses and telephone numbers of our current franchisees and their Restaurants as of the date of this disclosure document are listed in Exhibit C. The names, addresses and telephone numbers of our current Company-Owned Restaurants as of the date of this disclosure document are listed in Exhibit D.

The name, city, state and current business telephone number (or, if unknown, the last known home telephone number) of every franchisee who had a Restaurant terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under their Franchise Agreement in 2020 or who has not communicated with us within the 10 weeks prior to the date of this disclosure document appear below. If you buy this franchise, your contact information may be disclosed when you leave the franchise system.

Patrick Harder, Ron and Tammie Gibbs 6775 Dixie Highway Suite E Fairfield, Ohio 45014
(513) 860-4000

In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with us. You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you.

As of the date of this disclosure document, there are no known Guthrie's franchisee associations in existence regardless of whether or not they use our trademark, but such may be established in the future.

Item 21

FINANCIAL STATEMENTS

Attached to this disclosure document as Exhibit E are the Company's audited financial statements for our fiscal years ended December 31, 2020, December 31, 2019, and December 31, 2018.

Item 22

CONTRACTS

The following agreements and other required exhibits are attached to this disclosure document in the pages immediately following:

A. Franchise Agreement
B. Area Development Agreement
C. List of Current Franchisees
D. List of Current Company-Owned Outlets
E. Financial Statements
F. List of State Agencies/Agents for Service of Process
G. Confidential Operating Manual Table of Contents
H. Franchisee Disclosure Questionnaire
I. State Specific Addenda

The following additional contracts or agreements are attached as exhibits to the Franchise Agreement:

A. Franchisee's Organization
B. Guaranty and Assumption of Obligations
C. Current Bank Authorization Form
D. Form of Lease Rider
E. Assignment of Telephone Numbers and Listings
F. State Specific Addenda

The following additional contracts or agreements are attached as exhibits to the Area Development Agreement:

A. Development Area, Development Fee, Development Schedule
B. Developer's Organization
C. Guaranty and Assumption of Obligations
D. State Specific Addenda

Item 23

RECEIPT

You will find copies of detachable receipts acknowledging your receipt of this disclosure document at the very end of this disclosure document. Please return one receipt to us and retain the other for your records. If you are missing these receipts, please contact us at 2320 Moores Mill Road, Suite 600, Auburn, Alabama 36830; (334) 887-6555.

EXHIBIT A

FRANCHISE AGREEMENT

(See Attached)

GUTHRIE'S FRANCHISING, INC.

FRANCHISE AGREEMENT

TABLE OF CONTENTS

EXHIBITS:

A. FRANCHISEE'S ORGANIZATION

B. GUARANTY AND ASSUMPTION OF OBLIGATIONS

C. CURRENT BANK AUTHORIZATION FORM

D. FORM OF LEASE RIDER

E. ASSIGNMENT OF TELEPHONE NUMBERS AND LISTINGS

GUTHRIE'S FRANCHISING, INC.

FRANCHISE AGREEMENT

This Franchise Agreement (this "Agreement") is made and entered into as of this ______ day of ____________________, 20____, by and between Guthrie's Franchising, Inc., an Alabama corporation with its principal place of business at 2320 Moore's Mill Road, Suite 600, Auburn, Alabama 36830 (hereinafter referred to as "Franchisor"), and ______________________________, a _______________ with an address at _____________ (hereinafter referred to as "Franchisee").

RECITALS:

WHEREAS, Franchisor has acquired the right to develop and as the result of the expenditure of time, skill, effort and money has developed and owns a unique system (the "System") relating to the development, opening and operation of restaurants specializing in the preparation, and sale of golden fried chicken fingers and other authorized menu items and has established, and continues to establish, a reputation, demand and goodwill for such System under the name "Guthrie's," the distinguishing characteristics of which System include, without limitation, the Proprietary Marks (as defined below); distinctive exterior and interior design, color scheme, layout, furnishings and trade dress; uniform standards and specifications for equipment, equipment layout, supplies and menus (including food and beverage designations, special recipes, formulas and quality and quantity standards); training and assistance; operating procedures for sanitation, maintenance and food and beverage storage, preparation and service; and methods and techniques for inventory and cost controls, record keeping and reporting, purchasing, sales promotion, and advertising; and other business practices and policies; all of which may be changed, improved and further developed by Franchisor from time to time;

WHEREAS, Franchisor has the right to license certain trade names, service marks and trademarks, including but not limited to "Guthrie's" and such other trade dress, trade names, service marks, product designations and trademarks as are now designated and may hereinafter be designated from time to time by Franchisor in the Confidential Operating Manual (as defined below) or otherwise in writing as part of the System (collectively, the "Proprietary Marks");

WHEREAS, Franchisor continues to develop, use and control such Proprietary Marks for the benefit and exclusive use of itself and its franchisees in order to identify for the public the source of goods and services marketed thereunder and the System, and to represent the System's high standards of quality, appearance and service;

WHEREAS, Franchisor offers franchises for Restaurants (as defined below);

WHEREAS, Franchisee desires to enter into the business of operating a restaurant business under Franchisor's System and wishes to obtain a license from Franchisor for that purpose, as well as to receive the training and other assistance provided by Franchisor in connection therewith, all subject to the terms and conditions of this Agreement;

WHEREAS, Franchisee understands and acknowledges the importance of Franchisor's System and its high and uniform standards of quality, cleanliness, appearance and service and the necessity of opening and operating the licensed restaurant in conformity with Franchisor's standards and specifications; and

WHEREAS, Franchisee acknowledges that he, she or it has experience and skills other than the experience and skills that would be obtained pursuant to this Agreement.

NOW, THEREFORE, the parties, in consideration of the premises and the covenants, undertakings and commitments of each party to the other party set forth herein, hereby mutually agree as follows:

CERTAIN DEFINITIONS

For purposes of this Agreement, the terms listed below shall have the meanings which follow them, and include the plural as well as the singular. Other terms are defined elsewhere in this Agreement in the context in which they arise.

"Advertising Fund" - the Guthrie's Advertising Fund.

"Competitive Business" - any business operating, or granting franchises or licenses to others to operate, a restaurant or other food service business engaged in the retail sale of any fried chicken fingers or any other fried chicken food items.

"Confidential Operating Manual" or "Manual" - Franchisor's Confidential Operating Manual, as amended from time to time, which may consist of one or more manuals, containing Franchisor's mandatory and suggested standards, specifications and operating procedures relating to the development and operation of Guthrie's restaurants and other information relating to Franchisee's obligations under this Agreement. The term "Confidential Operating Manual" also includes alternative or supplemental tangible means of communicating such information to Franchisee, including without limitation, items that may be posted on an intranet or an extranet, bulletins, e-mails, videotapes, audio tapes, compact discs, computer diskettes and CD ROMs.

"Confidential Information" - any proprietary or confidential information relating to Franchisor or any of its affiliates, the System or the operation of Guthrie's restaurants, including without limitation, (1) proprietary products, ingredients, recipes, formulas, materials, equipment and methods of preparation and presentation of certain food products, (2) site evaluation criteria for Guthrie's restaurants, and plans and specifications for the construction and development of Guthrie's restaurants, (3) sales, marketing and advertising programs and techniques for Guthrie's restaurants, (4) knowledge of, specifications for and suppliers of certain food products, materials, supplies and equipment, (5) knowledge of operating results and financial performance of Guthrie's restaurants other than Franchisee's Restaurant (and any other Guthrie's restaurants operated by Franchisee under a franchise agreement with Franchisor), and (6) methods of inventory control.

"Franchise Disclosure Document" - Franchisor's disclosure document that was furnished to Franchisee by Franchisor in compliance with the Franchise Rule promulgated by the Federal Trade Commission, as amended.

"Gross Sales" - the amount of all sales of all food, beverages and other products and merchandise sold or services rendered in, on, about or from the Restaurant, together with any other revenues and income of every kind and nature derived from the operation of the

Restaurant, whether by Franchisee or by any other person or entity, whether or not in accordance with the terms of this Agreement, and whether for cash or on charge, credit, barter or time basis, including but not limited to, all sales and services (i) for off or on-premise catering, (ii) where orders originate and/or are accepted by Franchisee in the Restaurant but delivery or performance thereof is made from or at any place other than the Restaurant, or (iii) by telephone or other similar orders received or filled at or in the Restaurant. For purposes of determining the Royalty Fee (as defined below), Advertising Fund Contribution (as defined below) and local advertising requirements payable hereunder, there shall be deducted from Gross Sales: (A) the amount of refunds, allowances or discounts to customers (including coupon sales) up to three percent (3%) of the Gross Sales, provided the related sales have previously been included in Gross Sales; and (B) the amount of any excise or sales tax levied upon retail sales and paid over to the appropriate governmental authority

"Immediate Family" - spouse, parents, brothers, sisters and children, whether natural or adopted.

"MSA" - a Metropolitan Statistical Area, as determined by the United States Census Bureau.

"Owner" - each person or entity which has a direct or indirect legal or beneficial interest in Franchisee.

"Premises" - the location identified in Section IA. of this Agreement at which Franchisee has been granted the right to operate the Restaurant pursuant to this Agreement.

"Restaurant" - the original Guthrie's restaurant concept which sells golden fried chicken fingers and other authorized menu items to drive-thru, carry-out and eat in customers and is operated by Franchisee at the Premises pursuant to this Agreement.

I. GRANT

A. Grant of Franchise. Franchisor hereby grants to Franchisee, pursuant to the terms and conditions of this Agreement, the right and license, and Franchisee undertakes the obligation, to operate a Restaurant, and to use solely in connection therewith Franchisor's System, only at the following location:

(i) ______________________

____

(ii) in the event Franchisee has not designated the location as of the date of this Agreement, Franchisee will, within forty-five (45) days from the date of this Agreement, designate a prospective location, subject to Franchisor's approval, within the following area:

____

____

B. Protected Area. During the term of this Agreement, except as otherwise provided in this Agreement, Franchisor shall not, without Franchisee's prior written consent, establish, or license anyone other than Franchisee or its affiliates the right to establish, a Guthrie's restaurant under the System, whether company-owned or franchised, within the geographical area (the "Protected Area") consisting of (1) a one (1) mile radius from the center of the Premises, if the Restaurant is located in an MSA with a population, as of the date of this Agreement, in excess of 100,000, or (2) a two (2) mile radius from the center of the Premises, if the Restaurant is located in an MSA with a population, as of the date of this Agreement, of 100,000 or less.

C. <u>Franchisor's Retention of Rights</u>. Notwithstanding anything to the contrary herein, Franchisor retains the right, among others, on any terms and conditions Franchisor deems advisable, and without granting Franchisee any rights therein:

i. to own, acquire, establish and/or operate and license to others the right to establish and operate, Guthrie's restaurants under the System at any location outside the Protected Area notwithstanding their proximity to the Protected Area or their actual or threatened impact on sales or development of the Restaurant;

ii. to own, acquire, establish and/or operate and license to others the right to establish and operate, non-restaurant businesses under the Proprietary Marks, at any location within or outside the Protected Area;

iii. to own, acquire, establish and/or operate and license to others the right to establish and operate, businesses under proprietary marks other than the Proprietary Marks, whether such businesses are similar or different from restaurants under the System and whether such proprietary marks are similar to the Proprietary Marks, at any location within or outside the Protected Area notwithstanding their proximity to the Protected Area or their actual or threatened impact on sales or development of the Restaurant;

iv. to own, acquire, establish and/or operate and license to others the right to establish and operate, Guthrie's restaurants under the Proprietary Marks at Non-Traditional Sites (as defined below) at any location within or outside the Protected Area;

v. to sell and/or distribute, directly or indirectly, and license to others the right to sell and/or distribute, directly or indirectly, any products through grocery or convenience stores or through outlets that are primarily wholesale or retail in nature, or through mail order, toll free numbers, or the internet, including products bearing the Proprietary Marks, provided that distribution within the Protected Area shall not be from a Guthrie's restaurant established under the System that is operated from within the Protected Area (except from a restaurant at a Non-Traditional Site); and

vi. to acquire and operate (or be acquired by) a business operating one or more restaurants or food service businesses located or operating within the Protected Area.

As used in this Agreement, "Non-Traditional Site" shall mean a food court, convention center, airport, train station, subway or other transportation facility, car or truck rest stop or travel center, hotel, college or other school, sports stadium, theme park, hospital, military base or other government office, other captive audience, limited purpose or limited access facilities or any such other location that Franchisor determines, in its sole discretion, to be non-traditional as a location for a Guthrie's restaurant.

D. Franchisee Acknowledgment. Franchisee expressly acknowledges and agrees that this Agreement relates solely to the Premises described herein, and that the granting hereof is expressly subject to the conditions and limitations contained in this Agreement, including without limitation, Section I.C. above.

E. Relocation. In the event Franchisee's lease for the Premises is terminated or expires and cannot be renewed during the term of this Agreement or Franchisee otherwise loses the right to occupy or use the Premises (other than by virtue of Franchisee's breach of or default under such lease), Franchisee may apply to Franchisor for the right to relocate the Restaurant, which application shall not be unreasonably denied provided that the following relocation conditions are met:

i. The relocation is within Franchisee's Protected Area;

ii. Franchisee shall have strictly complied with the provisions of this Agreement throughout its term;

iii. Franchisee's proposed new location is approved in writing by Franchisor;

iv. The proposed location does not conflict with or intrude upon the protected area of any other Guthrie's franchisee;

v. If the new location is to be leased, Franchisee shall have submitted a lease of the premises which lease shall be subject to the approval of Franchisor; and

vi. Franchisee can commence business at the new location within 120 days after the relocation application is approved by Franchisor and Franchisee is not in default of any obligation to a lender or other third party that would, in Franchisor's opinion, materially impact Franchisee's ability to operate the Restaurant.

II. TERM

A. Initial Term. Except as otherwise provided in this Agreement, this Agreement shall be in effect upon its acceptance and execution by Franchisor and shall expire ten (10) years after the date of the opening of the Restaurant.

B. Renewal Term. Franchisee may, at its option, renew this Agreement for one additional period of ten (10) years, provided that:

i. Franchisee has given Franchisor written notice of such election to renew not less than six (6) months nor more than twelve (12) months prior to the end of the initial term hereof;

ii. Franchisee shall complete to Franchisor's satisfaction all maintenance, renovating and remodeling of the Restaurant as Franchisor may reasonably require no later than thirty (30) days prior to expiration of the initial term hereof;

iii. Franchisee is not in default of any provision of this Agreement (or any amendment hereof or successor hereto), or any other agreement between Franchisee and Franchisor or its affiliates, and has substantially complied with all the terms and conditions of all such agreements during the terms thereof;

iv. Franchisee has satisfied all monetary obligations owed by Franchisee to Franchisor and its affiliates and has timely met those obligations throughout the term of this Agreement;

v. Franchisee shall present satisfactory evidence that Franchisee has the right to remain in possession of the Restaurant Premises for the renewal term;

vi. Franchisee shall execute upon renewal Franchisor's then-current form of franchise agreement and any other ancillary agreements as Franchisor may require, which agreement shall supersede in all respects this Agreement, and the terms of which may differ from the terms of this Agreement, including without limitation, a higher percentage royalty fee and advertising fund contribution and a reduced protected area, if any;

vii. Franchisee and its Owners shall execute a general release, in a form prescribed by Franchisor, of any and all claims against Franchisor and its affiliates and their respective shareholders, members, officers, directors, managers, employees, agents, attorneys, accountants, successors and assigns; and

viii. Franchisee shall comply with Franchisor's then-current qualification and training requirements.

Upon the exercise of the right to renew this Agreement in accordance with this Section II.B., Franchisee shall pay to Franchisor a renewal fee equal to Fifteen Thousand Dollars ($15,000).

C. Renewal Limitation. At the end of the renewal term, this Agreement terminates automatically and may not be renewed thereafter.

III. OBLIGATIONS OF FRANCHISOR

A. Franchisor shall make available its standard building plans or general plans for the interior design, decor and layout, fixtures, furnishings, signs and equipment which Franchisee shall adapt, at Franchisee's expense, to the Premises as required under Section V.B. hereof.

B. Franchisee (or the Operating Partner, as defined below) has not previously owned or managed a Guthrie's restaurant, Franchisor shall provide an initial training program to Franchisee (or its Operating Partner) and Franchisee's Restaurant manager, the Opening Team training described in Section V.D below, and shall make available such other training programs as it deems appropriate. All training provided by Franchisor shall be subject to the terms set forth in Section V.D. of this Agreement, and shall be at such times and places as may be designated by Franchisor.

C. Franchisor shall provide such initial and continuing advisory assistance in the operation of the Restaurant as it deems advisable.

D. Franchisor shall loan Franchisee one (1) copy of the Confidential Operating Manual, as more fully described in Section VII. hereof.

E. Franchisor shall provide an initial set of recommended accounting, inventory and inspection forms. Franchisee shall, at its own expense, maintain a supply of necessary forms.

F. Franchisor shall continue its efforts to maintain high standards of quality, cleanliness, appearance and service of the System and to that end shall:

i. conduct, as it deems advisable, inspections of the Restaurant and evaluations of the products sold and used and services rendered therein;

ii. upon request and subject to the conditions and limitations contained in this Agreement, disseminate Franchisor's standards and specifications for non-proprietary items to Franchisee or its approved suppliers; and

iii. establish standards of quality for products used in and sold by Guthrie's restaurants (including the Restaurant) and criteria and procedures for approval of suppliers of Franchisee's Restaurant and other Guthrie's restaurants.

G. Franchisor agrees to furnish to Franchisee, either directly or through approved suppliers, its unique sauce ("proprietary product") at prices in force and effect at the time of purchase by Franchisee or provide Franchisee the recipe for such proprietary product. Franchisor shall not be liable for any delays in producing and/or delivering its proprietary product if such delays shall be due to an event of force majeure (as defined below).

H. In the event Franchisee has not designated the Premises as of the date of this Agreement, Franchisor shall counsel and assist Franchisee in evaluating prospective sites for the Restaurant submitted by Franchisee for Franchisor's approval pursuant to the terms of this Agreement.

I. If Franchisee (or the Operating Partner) has not previously owned or managed a Guthrie's restaurant, Franchisor will provide Franchisee with an opening team for a two (2) to four (4) week period to assist in on-site training and opening of the Restaurant. Franchisee agrees to reimburse Franchisor for its out-of-pocket costs and expenses (such as transportation, lodging, meals, compensation and incidental expenses) incurred in connection with providing the opening team.

J. Franchisor may, at Franchisee's request, provide special assistance for which Franchisee shall be required to pay the per diem fees and charges that Franchisor establishes from time to time, in addition to Franchisee reimbursing Franchisor for its out-of-pocket costs and expenses incurred in connection with providing such assistance.

K. Franchisor shall not, by virtue of any approvals, advice or services provided to Franchisee, assume responsibility or liability to Franchisee or any third parties to which it would not otherwise be liable or subject.

IV. <u>FEES</u>.

A. <u>Initial Franchise Fee and Royalties</u>. In consideration of the license granted herein, Franchisee shall pay to Franchisor the following fees:

i. upon the execution of this Agreement, Franchisee shall pay to Franchisor an initial franchise fee of Thirty-five Thousand Dollars ($35,000.00) (the "Franchise Fee"), with certified funds or by cashier's check, which fee shall be non-refundable and fully earned by Franchisor upon execution of this Agreement; and

ii. a continuing semi-monthly royalty fee during the term of this Agreement in an amount equal to six percent (6%) of Franchisee's Gross Sales (the "Royalty Fee").

In the event that any development agreement entered into between Franchisor and Franchisee requires the payment of a development fee by Franchisee to Franchisor, there shall be credited toward the payment of the Franchise Fee all or a portion of such development fee in the manner and to the extent provided for in such development agreement.

B. Advertising Fund Contribution. In the event any Advertising Fund for the System is established by Franchisor, as provided in Section X.B. hereof, Franchisee shall also pay to Franchisor a continuing Advertising Fund contribution for use by such Advertising Fund in an amount of up to two percent (2%) of Gross Sales ("Advertising Fund Contribution").

C. Method of Payment. All payments required by this Section IV. (other than the Franchise Fee) shall be paid to Franchisor by the 5th and 20th day of each month for the period ending before the applicable payment date. Each month is divided into two (2) semi-monthly periods, with the first period starting on the first day of the month and continuing to the 15th, and the second period starting on the 16th day of the month and continuing to the end of the month. Any payment or report required under this Section IV. and Section IX. hereof not actually received by Franchisor on or before such date shall be deemed overdue. If any payment is overdue, Franchisee shall pay Franchisor, in addition to the overdue amount, interest on such amount from the date it was due until paid, at the maximum rate permitted by law. Entitlement to such interest shall be in addition to any other remedies available to Franchisor. In addition to its right to charge interest as provided herein, Franchisor may charge Franchisee a $100.00 late payment fee (or the highest fee permitted by law) for all such overdue payments and a $100.00 insufficient funds fee (or the highest fee permitted by law) for each electronic funds transfer or other payment method that is not honored by Franchisee's financial institution. All fees and expenses due to Franchisor, after payment of the Franchise Fee, shall be collected and paid by electronic funds transfers initiated by or at the direction of Franchisor from the accounts of Franchisee or at Franchisor's election by any other means. The electronic funds transfer and debit entries to Franchisee's bank account shall be made pursuant to the then-current bank authorization agreement for preauthorized payments which Franchisee agrees to execute and deliver to Franchisor in the form attached hereto as Exhibit C or such other forms as Franchisor may specify from time to time.

D. Order of Payment Application. Franchisee's payments shall be applied in such order as Franchisor may designate. Franchisee may not designate an order for application of any payments different from that designated by Franchisor. Franchisor may accept payments with different instructions without any obligation to follow such instructions even if such payment is made by its terms conditional on such instruction being followed.

E. Local Advertising. During the term of this Agreement, Franchisee shall expend a minimum of two percent (2%) of Gross Sales each month for Local Advertising, as provided in Section X.C. hereof.

V. OBLIGATIONS OF FRANCHISEE

Franchisee and Franchisor agree that time is of the essence with respect to Franchisee's obligations hereunder.

A. Franchisee Acknowledgment. Franchisee understands and acknowledges that every detail of the Guthrie's System is important to Franchisee, Franchisor and other franchisees in order to develop and maintain high and uniform operating standards, to increase the demand for the products and services sold by all franchisees, and to protect Franchisor's reputation, goodwill, and the System.

B. Lease or Acquisition of Premises. Franchisee agrees to lease or otherwise acquire, at Franchisee's expense, the Premises designated herein. Prior to the acquisition by lease or purchase of the Premises, Franchisee has submitted or shall submit to Franchisor, in the form specified by Franchisor, a description of the Premises and such other information or materials as Franchisor may reasonably require, together with a letter of intent or other evidence satisfactory to Franchisor which confirms Franchisee's favorable prospects for obtaining the Premises. If the Premises is to be leased, the lease shall be submitted, prior to execution, for Franchisor's approval and, in connection with the execution of such lease for the Premises, Franchisee must execute, and cause the lessor of the Premises to execute, the Lease Rider attached to this Agreement as Exhibit D, with only such modifications thereto as approved by Franchisor in its sole discretion.

Franchisor shall have thirty (30) days after receipt of Franchisee's complete information regarding the prospective site to approve or disapprove, in its sole discretion, the proposed site for the Restaurant, and during which time Franchisor will counsel and assist Franchisee in evaluating the prospective site. In the event Franchisor does not approve a proposed site by written notice to Franchisee within said thirty (30) day period, such site shall be deemed disapproved by Franchisor. No site shall be deemed approved unless it has been expressly approved in writing by Franchisor. Within thirty (30) days after the site has been approved by Franchisor, Franchisee shall execute a binding agreement to purchase or a binding lease agreement for the site.

Franchisee agrees to furnish Franchisor with plans and specifications adapting Franchisor's general floor plans and interior design, decor and layout to the Premises, for Franchisor's prior written approval, before commencing construction or renovation, remodeling or equipping of the Restaurant, which plans and specifications shall not thereafter be changed without Franchisor's prior written consent.

Franchisee acknowledges that no officer, employee or agent of Franchisor has any authority to approve or accept any proposed site except by written acceptance on Franchisor's Site Acceptance Form and any other representations, approvals or acceptance, whether oral or written, shall be void and of no effect. Franchisee further acknowledges that Franchisor's acceptance of said site does not constitute any representation, warranty or guarantee by Franchisor that said site will be a successful location for the Restaurant.

C. Construction Obligations. Franchisee shall complete construction, renovation, remodeling and equipping of the Premises in accordance with the approved layout and plan at Franchisee's expense, within six (6) months of the date of this Agreement, having secured to Franchisor and its agents the right to inspect the construction at any reasonable time.

Franchisee shall provide Franchisor written notice when construction, renovation or remodeling is estimated to be thirty (30) days from completion, and shall open the Restaurant within fifteen (15) days from the date of Franchisor's written approval of the Premises as constructed, renovated, equipped or remodeled.

D. Training. If Franchisee (or the Operating Partner) has not previously owned or managed a Guthrie's restaurant, or if any manager of the Restaurant has not previously managed a Guthrie's restaurant, then prior to the opening of the Restaurant, Franchisee (or the Operating Partner) and any manager of the Restaurant shall attend and successfully complete to Franchisor's satisfaction Franchisor's initial training program and Franchisee (or the Operating Partner), any manager of the Restaurant and/or other employees of the Restaurant shall attend and complete to Franchisor's satisfaction such other training programs as Franchisor may require from time to time. Franchisor's training program is intended to protect and maintain the Proprietary Marks and the System and not to control the day to day operations of the Restaurant. Franchisee must immediately replace any individual who fails to successfully complete any training program. Any replacement Operating Partner or manager must successfully complete to the satisfaction of Franchisor the initial training program provided by Franchisor. Franchisee (or the Operating Partner) and its managers of the Restaurant shall attend and conduct such additional training programs as Franchisor may from time to time reasonably require relating to the operation of the Restaurant. No fee will be charged by Franchisor for the participation of Franchisee (or the Operating Partner) and each manager of the Restaurant in these training programs, so long as any such training is scheduled well in advance; however, Franchisee shall be responsible for the costs and expenses (such as transportation, lodging, meals, compensation and incidental expenses) of each individual who attends the training; and, in connection with any replacement manager attending training sessions. In addition, Franchisor will provide a minimum of (2) representatives ("**Opening Team**"), in its discretion, be present at the opening of the Restaurant. Franchisee shall pay for all travel costs and other expenses for the Opening Team, and reimburse Franchisor for its payroll expenses for the time its Opening Team spends to travel to the Restaurant and to assist and train in the Restaurant. Upon completion of this assistance from the Opening Team, Franchisor will invoice Franchisee for the Opening Team expenses due. Franchisee must pay this invoice within ten (10) days of receipt.

E. Sole Use of Premises. Franchisee shall use the Premises only for the operation of a Guthrie's restaurant; keep the Restaurant open and in normal operation for such minimum hours and days as Franchisor may from time to time prescribe in the Confidential Operating Manual or otherwise in writing, which hours of operation may vary from geographic region to geographic region; and refrain from using or suffering the use of the Premises for any other purpose or activity, without the prior written consent of Franchisor. Franchisee shall not locate or permit to be located on or about the Premises any cigarette machines, pinball machines, juke boxes or any other types of amusement or vending machines or signs or posters (other than those authorized in the Confidential Operating Manual) without the prior written approval of Franchisor.

F. Maintenance of Premises. Franchisee shall maintain the Restaurant in the highest degree of sanitation, repair and condition, and in connection therewith shall make such additions, alterations, repairs and replacements thereto (but no other material additions, alterations, repairs or replacements thereto without Franchisor's prior written consent) as may be required for that purpose, including without limitation, such periodic repainting, repairs to impaired equipment and replacement of obsolete signs as necessary to comply with this Section

V.F. or as Franchisor may reasonably direct.

G. Health Standards. Franchisee shall meet and maintain the highest health standards and ratings applicable to the operation of the Restaurant.

H. Refurbishment. At Franchisor's request, which shall not be more often than once every five (5) years, Franchisee shall refurbish the Restaurant at its expense, to conform to the building design, trade dress, color schemes and presentation of trademarks and service marks consistent with Franchisor's then-current System, including without limitation, such structural changes, remodeling, redecoration, and such modifications to existing improvements as may be necessary to do so. Franchisee shall complete such remodeling, repairs, replacement and redecoration within four (4) months from the date a refurbishment notice is issued by Franchisor.

I. Restaurant Operations. Franchisee shall operate the Restaurant in conformity with such uniform methods, standards and specifications as Franchisor may from time to time prescribe in the Confidential Operating Manual or otherwise in writing to insure that the highest degree of quality and service is uniformly maintained. To protect and maintain the goodwill of the Proprietary Marks and the System, Franchisee agrees:

i. to maintain in sufficient supply, and use at all times, only such products, materials, ingredients, supplies and paper goods as conform with Franchisor's standards and specifications, and to refrain from deviating therefrom by using nonconforming items without Franchisor's prior written consent;

ii. to use at the Restaurant only menus and uniforms which comply with the style, pattern and design prescribed by Franchisor in the Confidential Operating Manual or otherwise in writing;

iii. to sell or offer for sale such products and menu items as meet Franchisor's uniform standards of quality and quantity, as have been expressly approved for sale in writing by Franchisor, and as have been prepared in accordance with Franchisor's methods and techniques; to sell or offer for sale all approved items; to refrain from any deviation from Franchisor's standards and specifications for serving or selling approved items without Franchisor's prior written consent; and to discontinue selling and offering for sale any such items as Franchisor may, in its discretion, disapprove in writing at any time;

iv. to permit Franchisor or its agents, at any reasonable time, to remove from the Premises of the Restaurant, at Franchisor's option, certain samples of any inventory items without payment therefor, in amounts reasonably necessary for testing by Franchisor or an independent, certified laboratory to determine whether said samples meet Franchisor's then-current standards and specifications. In addition to any other remedies it may have under this Agreement, Franchisor may require Franchisee to bear the cost of such testing if the supplier of the item has not previously been approved by Franchisor or if the sample fails to conform to Franchisor's specifications; and

v. to purchase and install, at Franchisee's expense, all fixtures, furnishings, signs and equipment as Franchisor may reasonably direct from time to time in the Confidential Operating Manual or otherwise in writing; and to refrain from installing or permitting to be installed on or about the Premises, without Franchisor's prior written consent, any fixtures, furnishings, signs and equipment or other improvements not previously approved as meeting Franchisor's standards and specifications.

J. Approved Suppliers. Franchisee shall purchase all equipment, supplies and other products and materials required for the operation of the Restaurant solely from suppliers approved by Franchisor who demonstrate, to the continuing reasonable satisfaction of Franchisor, the ability to meet Franchisor's reasonable standards and specifications for such items as set forth in the Confidential Operating Manual; who possess adequate quality controls and capacity to supply Franchisee's needs promptly and reliably; and who have been approved in writing by Franchisor and not thereafter disapproved. If Franchisee desires to purchase any items from an unapproved supplier, Franchisee or such supplier shall submit to Franchisor a written request for such approval. Franchisor shall have the right to require that its representatives be permitted to inspect the supplier's facilities, and that samples from the supplier be delivered, at Franchisor's option, either to Franchisor or to an independent, certified laboratory designated by Franchisor for testing. A charge not to exceed the reasonable cost of the inspection and the actual cost of the test shall be paid by Franchisee or the supplier. Franchisor reserves the right, at its option, to re-inspect the facilities and products of any such approved supplier and to revoke its approval upon the supplier's failure to continue to meet any of Franchisor's specifications, standards or requirements.

Franchisee grants to Franchisor, in its sole discretion, the right to receive from Franchisor's approved suppliers promotional allowances, rebates and services based on Franchisee's purchases (and purchases of other franchisees of Guthrie's restaurants) as well as records of Franchisee's purchases from such approved suppliers. If requested by Franchisor, Franchisee shall execute and deliver to Franchisor such documents as are necessary or required by the approved suppliers for such purpose. Franchisor makes no representations to Franchisee as to the suppliers or their products.

K. Right of Inspection. Franchisee shall grant Franchisor and its agents the right to enter upon the Premises at any time for the purpose of conducting inspections; cooperate with Franchisor's representatives in such inspections by rendering such assistance as they may reasonably request; and, upon notice from Franchisor or its agents, and without limiting Franchisor's other rights under this Agreement, take such steps as may be necessary to immediately correct any deficiencies detected during any such inspection, including without limitation, immediately desisting from the further use of any equipment, advertising materials, products or supplies that do not conform with Franchisor's then-current specifications, standards or requirements.

L. Franchisee Organization and Management. Franchisee and each of its Owners represents, warrants and agrees that Exhibit A to this Agreement, which is incorporated herein by reference, correctly identifies each and every Owner and officer, director, manager and/or general partner of Franchisee, that Exhibit A completely and accurately describes the nature and extent of each Owner's interest in Franchisee, and that updated Exhibits A shall be furnished promptly to Franchisor so that Exhibit A (as so revised and signed by Franchisee) is at all times current, complete and accurate. Each person who is or becomes an Owner as Franchisor may request shall execute a guaranty and assumption of obligations under this Agreement in the form attached hereto as Exhibit B.

M. Operating Partner. If Franchisee is, or at any time becomes, a partnership, corporation, limited liability company or other entity, Franchisee shall designate in Exhibit A as the "Operating Partner" a natural person approved by Franchisor who shall be responsible for management of the Restaurant and who shall:

(i) own and control, or have the right to own and control (subject to conditions reasonably acceptable to Franchisor) not less than a ten percent (10%) interest in the equity and voting rights of Franchisee;

(ii) have the authority to bind Franchisee regarding all operational decisions with respect to the Restaurant; and

(iii) have completed Franchisor's training programs to Franchisor's satisfaction.

Franchisee (or the Operating Partner) shall exert his, her or its full time and best efforts on the development and operation of the Restaurant and all other Guthrie's restaurants operated by Franchisee under franchise agreements with Franchisor, and shall not engage in any other business or activity, directly or indirectly, that requires substantial management responsibility or time commitments or otherwise may conflict with Franchisee's obligations hereunder. The Restaurant shall at all times be managed by Franchisee (or the Operating Partner), or by a manager who has completed Franchisor's training program to Franchisor's satisfaction.

N. Telephone Number and Related Items. Franchisee shall execute and deliver to Franchisor an assignment of Franchisee's telephone numbers and listings for the Restaurant prior to the commencement of use such numbers or listings in the form attached hereto as Exhibit E (the "Listings Assignment"). Franchisee acknowledges and agrees that the telephone company and all listing services may accept the Listing Assignment as conclusive evidence of Franchisor's exclusive right in and to such telephone numbers and listings and its authority to direct their transfer. Franchisee shall be solely responsible for all fees, charges and costs attributable to the telephone numbers and listings for the Restaurant until such time, if any, as Franchisor effectuates the Listings Assignment.

Franchisee shall immediately notify the telephone company and all listing services providing service to Franchisee (including without limitation, all telephone directory publishers) of the termination or expiration of Franchisee's right to use any telephone number and any regular, classified or other telephone directory listings associated with any Proprietary Mark, and to authorize transfer thereof to Franchisor at its direction. Franchisee acknowledges that, as between it and Franchisor, Franchisor has the sole right to and interest in all telephone numbers and directory listings associated with any Proprietary Mark. Franchisee authorizes Franchisor, and hereby appoints Franchisor as Franchisee's attorney-in-fact, to direct the telephone company and all listing services providing service to Franchisee at the Restaurant (including without limitation, all telephone directory publishers) to transfer any telephone numbers and directory listings to Franchisor at its direction should Franchisee fail or refuse to do so. The telephone company and all listing services providing such service (including without limitation, all telephone directory publishers) may accept such direction or this Agreement or the Listings Assignment as conclusive proof of Franchisor's rights in such telephone numbers and directory listings and Franchisor's authority to direct their transfer.

O. Customer Inquiries. Franchisee shall promptly respond to customer inquiries and complaints and shall take such steps as may be required to insure positive customer relations.

P. Internet Use. Franchisee shall not establish a website on the internet using any domain name containing the words Guthrie's or any of the Proprietary Marks or any variation thereof and is otherwise prohibited from using the Proprietary Marks in any fashion on any website, including any social and/or networking websites (including without limitation, Facebook, LinkedIn, Instagram and Twitter), without the prior written consent of Franchisor. Any such use must be in compliance with any policies issued by Franchisor relating to advertising, promotion, marketing and social media, as such may be amended, modified and/or expanded by Franchisor at any time in its sole discretion. Franchisor retains the sole right to advertise on the internet and create a website or related domain names using any of the Proprietary Marks. Franchisee acknowledges that Franchisor is the owner of all right, title and interest in and to such websites and domain names as Franchisor shall designate. Franchisor retains the right to preapprove Franchisee's use of linking and framing between Franchisee's web pages and all other websites. Franchisee shall, within five (5) days, dismantle any frames and links between Franchisee's web pages and any other websites, if and as requested by Franchisor.

Q. Coupons/Gift Certificates. Franchisee agrees to honor all Guthrie's coupons and gift certificates issued or approved by Franchisor.

R. Business Hours; Staffing. Franchisee's Restaurant will be open during the business hours specified by Franchisor in the Manual. Franchisee will at all times during business hours have management personnel on duty who are responsible for scheduling and supervising the employees of the Restaurant, setting their hours of work, and managing the business operations of the Restaurant. To protect and maintain the goodwill of the Proprietary Marks and the System, Franchisee will have a sufficient number of adequately trained and competent service, kitchen and other personnel on duty to guarantee efficient service to Franchisee's customers.

Franchisee will have sole and exclusive authority and control over the day-to-day operations of the Restaurant and its employees, employee relations and policies relating to wages, hours and working conditions of its employees. All employees and agents of the Restaurant shall be the employees and agents of Franchisee and not the employees or agents of Franchisor. Franchisee shall have sole and exclusive authority and responsibility to determine who and how many to employ, terms of employment including salaries and other compensation, scheduling employee workhours, how to assign work, and when and how to discipline, suspend, lay off, recall, promote, assign, transfer, discharge and terminate its employees and to respond to employee complaints and grievances. Franchisee will make all necessary salary deductions and withholdings from its employees' salaries and other compensation, and is solely responsible for the payment of any and all contributions, taxes and assessments and all other requirements of the Federal Social Security Administration, Federal and state unemployment compensation laws, Federal, state and local withholding of income tax laws on all salary and other compensation of its employees and any other laws affecting the income or withholdings of employees' wages. Franchisee shall (and shall cause its employees) to at all times comply with all other Federal, state or local laws, ordinances, rules, or regulations regarding its employees, including, but not limited to, Federal or state laws or regulations regarding minimum compensation, overtime and equal opportunities for employment, the Federal Civil Rights Acts, Age Discrimination in Employment Act, the Federal Fair Labor Standards Act, the Americans With Disabilities Act and the Family Leave Act. Franchisor will not have any duty or obligation to operate the Restaurant, to direct or supervise Franchisee's employees, or to oversee Franchisee's employment policies or practices. Franchisor also will not have any involvement in any employment administrative functions of the Restaurant, such as handling payroll, providing workers' compensation insurance, providing necessary facilities and safety equipment, or providing tools or materials required for the work, all of which shall be the responsibility of Franchisee.

Franchisee has no authority to employ or engage persons on behalf of Franchisor, and NO EMPLOYEES, INDEPENDENT CONTRACTORS OR AGENTS OF FRANCHISEE SHALL BE DEEMED TO BE EMPLOYEES, INDEPENDENT CONTRACTORS OR AGENTS OF FRANCHISOR, EACH OF WHICH SHALL AT ALL TIMES REMAIN FRANCHISEE'S EMPLOYEES, INDEPENDENT CONTRACTORS OR AGENTS, AS APPLICABLE.

S. Notice Posting. During the term of this Agreement, Franchisee shall hold itself out to the public, including without limitation, in all dealings with customers, lessors, contractors, suppliers, public officials, employees and others, as an independent contractor and the independent owner of its business operating the Restaurant pursuant to a license from Franchisor under this Agreement. Franchisee agrees to take such affirmative actions as shall be necessary to that end, including without limitation, exhibiting a notice in a conspicuous place in the Restaurant and on such forms, business cards, stationery, advertising and other materials as Franchisor may require from time to time, that Franchisee is the independent owner and operator of the Restaurant and that all of Franchisee's employees and agents are employees and agents of Franchisee and not Franchisor, the content of which Franchisor reserves the right to specify.

T. Miscellaneous. Franchisee shall comply with all other requirements set forth in this Agreement and the Confidential Operating Manual.

VI. PROPRIETARY MARKS

A. Use of Proprietary Marks. It is understood and agreed that the license granted herein to Franchisee is solely a license to use Franchisor's Proprietary Marks in connection with the operation of the Restaurant at the Premises, as directed by Franchisor, and includes only such Proprietary Marks as are now or may hereafter be designated by Franchisor in writing for use by Franchisee, and no other Proprietary Marks of Franchisor now existing or yet to be developed or acquired by Franchisor. Franchisee agrees to operate and advertise the Restaurant only under the Proprietary Marks designated by Franchisor in writing for that purpose (or under such other name or mark as Franchisor may designate in writing, if Franchisee is prevented by applicable law from using any of the Proprietary Marks owing to their prior registration or use by a third party).

B. Ownership of Proprietary Marks. Franchisor has the right to use and license the Proprietary Marks and all of the goodwill associated with the System. Franchisee acknowledges Franchisor's right to and interest in the Proprietary Marks and the identification schemes, standards, specifications, operating procedures and other concepts embodied in the System. Franchisee accordingly agrees that any unauthorized use of the System and the Proprietary Marks is and shall be deemed an infringement of Franchisor's rights; that, except as expressly provided by this Agreement, Franchisee acquires no right, title or interest therein; that any and all goodwill associated with the System and the Proprietary Marks shall inure exclusively to Franchisor's benefit; and that, upon the expiration or termination of this Agreement, no monetary amount shall be assigned as attributable to any goodwill associated with Franchisee's use of the System or the Proprietary Marks.

C. Unauthorized Use of Proprietary Marks. Franchisee acknowledges that the use of the Proprietary Marks outside of the scope of this Agreement, without Franchisor's prior written consent, is an infringement of Franchisor's exclusive right, title and interest in and to the Proprietary Marks, and expressly covenants that during the term of this Agreement, and after the expiration or termination hereof, Franchisee shall not, directly or indirectly, commit an act of infringement or contest or aid in contesting the validity or ownership of the System or Franchisor's Proprietary Marks, or take any other action in derogation thereof.

D. Policing of Proprietary Marks. Franchisee shall promptly notify Franchisor of any use by any person or legal entity other than Franchisor or another of its franchisees of any Proprietary Marks licensed hereunder, any colorable variation thereof, or any other mark in which Franchisor has or claims a proprietary interest. Franchisee further agrees to notify Franchisor promptly of any litigation instituted by any person or legal entity against Franchisor or Franchisee involving the Proprietary Marks. Franchisee acknowledges that Franchisor has the right to control any administrative proceeding, litigation or other dispute involving the Proprietary Marks or the System. In the event Franchisor, in its sole discretion, undertakes the defense or prosecution of any litigation or other dispute relating to the Proprietary Marks or the System, Franchisee agrees to execute any and all documents, and to render such assistance (but excluding financial assistance) as may, in the opinion of Franchisor's counsel, be reasonably necessary to carry out such defense or prosecution. Franchisor makes no warranty, express or implied, as to the use, validity or enforceability of the Proprietary Marks.

E. Restrictions on use of Proprietary Marks. Franchisee shall not, without Franchisor's prior written consent, use the Proprietary Marks as part of Franchisee's corporate or other legal name, nor hold out or otherwise employ the Proprietary Marks to perform any activity or to incur any obligation or indebtedness, in such a manner as could reasonably result in making Franchisor liable therefor.

F. Franchisee's Acknowledgments. Franchisee expressly acknowledges and agrees that the license of the Proprietary Marks granted hereunder is non-exclusive, and that Franchisor has and retains the rights, among others, set forth in Section I.C. above.

G. Franchisee's Operation under the Proprietary Marks. Franchisee understands and acknowledges that each and every detail of Franchisor's System is important to Franchisee and Franchisor in order to develop and maintain high and uniform standards of quality and service, and hence, to protect and enhance the reputation and goodwill of Franchisor, Franchisee accordingly agrees:

i. to refrain from using any of the Proprietary Marks in conjunction with any other word or symbol without Franchisor's prior written consent;

ii. to adopt and use the Proprietary Marks licensed hereunder solely in the manner prescribed by Franchisor;

iii. to observe all such requirements with respect to service mark, trademark and copyright notices, fictitious name registrations, and the display of the legal name or other identification of Franchisee as Franchisor may direct in writing from time to time; and

iv. to execute all documents requested by Franchisor or its counsel that are necessary to obtain protection for the Proprietary Marks and the System or to maintain their continued validity or enforceability, and to take no action that would jeopardize the validity or enforceability thereof.

H. Modification of Proprietary Marks and the System. If it becomes advisable at any time in Franchisor's sole discretion for Franchisor and/or Franchisee to modify or discontinue the use of any Proprietary Mark, use one or more additional or substitute trademarks, service marks or trade dress and/or modify or improve the System, Franchisee agrees to comply with Franchisor's directions within a reasonable time after notice thereof. Franchisor shall have no liability or obligation whatsoever with respect to Franchisee's modification or discontinuance of any Proprietary Mark or the System or promotion of a substitute trademark, service mark or trade dress.

If Franchisee develops any new modification, concept, process, improvement or slogan in the operation or promotion of the Restaurant or to the System, the same shall be deemed a work made for hire, and Franchisee shall promptly notify Franchisor of, and provide Franchisor with all necessary information regarding, such modification, concept, process, improvement or slogan, without compensation to Franchisee. Franchisee acknowledges that any such modification, concept, process, improvement or slogan shall become Franchisor's sole and exclusive property and that Franchisor may use and/or allow other franchisees to use the same in connection with the System or the operation of Guthrie's restaurants, without compensation to Franchisee.

VII. CONFIDENTIAL OPERATING MANUAL

A. Manual. In order to protect the reputation and goodwill of Franchisor and to maintain uniform standards of operation under Franchisor's Proprietary Marks and the System, Franchisee shall conduct its business in accordance with Franchisor's Confidential Operating Manual, one copy of which Franchisee acknowledges having received on loan from Franchisor for the term of this Agreement.

B. Confidentiality. Franchisee shall at all times treat the Manual, any other manuals created for or approved for use in the operation of the Restaurant, and the information contained therein, as Confidential Information subject to the obligations contained herein. Without limiting the foregoing, Franchisee must keep the Manual in a secure location at the Restaurant and must restrict employee access to the Manual on a need to know basis, and take reasonable steps to prevent unauthorized disclosure or copying of any information in any printed or computerized Manual.

C. Ownership of Manual. The Manual shall at all times remain the sole property of Franchisor.

D. Modification. Franchisor may modify the Manual from time to time to reflect changes in standards, specifications and operating procedures and Franchisee agrees to comply with each new or changed standard within such reasonable time as Franchisor may require, or if no time is specified, within thirty (30) days after receiving notification of the requirement.

E. Duty to Keep Manual Current. Franchisee shall at all times insure that its copy of said Manual is kept current and up-to-date, and in the event of any dispute as to the contents of said Manual, the terms of the master copy of the Manual maintained by Franchisor at Franchisor's home office shall be controlling.

VIII. CONFIDENTIAL INFORMATION

Franchisee shall not, during the term of this Agreement or thereafter, communicate, divulge, or use for the benefit of any other person, persons, partnership, association, corporation or other entity any Confidential Information, knowledge or know-how concerning the System or the construction, development and methods of operation of the business operated hereunder which may be communicated to Franchisee, or of which Franchisee may be apprised, by virtue of Franchisee's operation under the terms of this Agreement. Franchisee shall divulge such Confidential Information only to such of its employees and agents as must have access to it in order to operate the Restaurant and perform Franchisee's obligations under this Agreement. Any and all information, knowledge and know-how which Franchisor designates as confidential or that by its nature would reasonably be expected to be held in confidence shall be deemed Confidential Information for purposes of this Agreement, except information which Franchisee can demonstrate came to its attention prior to disclosure thereof by Franchisor; or which, at the time of disclosure by Franchisor to Franchisee, had become a part of the public domain, through publication or communication by others; or which, after disclosure to Franchisee by Franchisor, becomes a part of the public domain, through publication or communication by others (and not by Franchisee). Franchise shall not at any time, without Franchisor's prior written consent, copy, duplicate, record or otherwise reproduce such Confidential Information, in whole or in part, nor otherwise make the same available to any unauthorized person. Franchisee acknowledges that any unauthorized use or disclosure of any Confidential Information will cause irreparable injury to Franchisor. Franchisee and Franchisor agree that the restrictions contained in this Section VIII. will remain in effect with respect to Confidential Information for five (5) years following termination or expiration of this Agreement for any reason; provided, however, if the Confidential Information rises to the level of a trade secret under applicable law, then such restriction shall remain in effect until such time as the information does not constitute a trade secret. The provisions of this Section VIII. shall bind each of the Owners and their Immediate Families. Franchisee shall require all of its managers and assistant managers and other personnel performing managerial or supervisory functions, as a condition to their employment or thereafter, to execute an employment agreement prohibiting them, during the term of their employment and thereafter, from communicating, divulging or using Confidential Information on such terms as are at least as restrictive as the terms set forth in this Section VIII.

IX. ACCOUNTING AND RECORDS

A. Maintenance. Franchisee shall maintain during the term of this Agreement, and shall preserve for at least seven (7) years from the dates of their preparation, and shall make available to Franchisor at Franchisor's request and at Franchisee's expense, full, complete and accurate books, records and accounts of Franchisee prepared in accordance with generally accepted accounting principles and in the form and manner prescribed by Franchisor from time to time in the Manual or otherwise in writing. At all times during the term of this Agreement, Franchisee shall use the accounting, recordkeeping and reporting system prescribed by Franchisor in the Manual or otherwise in writing.

B. Reporting. Franchisee shall furnish to Franchisor on such forms as Franchisor prescribes from time to time:

(i) no later than the 5th and 20th day of each month, a statement accurately reflecting all Gross Sales and expenses of the Restaurant for the preceding semi-monthly period, and such other data and information as Franchisor may require;

(ii) no later than the twentieth (20th) day of each month, an income statement and statement of cash flow for the Restaurant for the preceding month and for the year to date, and a balance sheet as of the end of each such month;

(iii) within ninety (90) days after the end of each calendar year, a year-end balance sheet and income statement and statement of cash flow of the Restaurant for such year, reflecting all year-end adjustments and accruals; and

(iv) such other information as Franchisor may designate from time to time, including food and labor cost reports and sales and income tax statements.

Each report and financial statement shall be signed and verified by Franchisee in the manner prescribed by Franchisor. Franchisor shall have the right to disclose data derived from such reports and statements if it considers such disclosure necessary or advisable. Franchisor reserves the right to require that Franchisee's annual statements be audited or reviewed, at Franchisee's expense, by an independent certified public accountant.

C. Information Technology. Franchisee, at its expense, must purchase and use a computerized cash collection and data processing system (the "POS System") that meets the standards and specifications provided by Franchisor from time to time in the Manual or otherwise. Franchisee must enter all sales and other information Franchisor requires in the POS System. Upon Franchisor's request, Franchisee, at its expense, shall install, update, upgrade or replace the POS System and such other equipment, software, hardware and services (including intranet or internet systems) which are fully compatible with Franchisor's designated computer system and which include information interface capability which allows electronic communication with Franchisor's designated computer system as specified by Franchisor from time to time. Franchisee, at its expense, must maintain the POS System and such other equipment in good working order and connected to any telephone, internet or computer network that Franchisor requires. Franchisor may require Franchisee, at its expense, to configure and connect the POS System and such other equipment and systems to Franchisor's systems to facilitate communications between Franchisee's computer-based systems and Franchisor's designated computer system and to provide Franchisor with continuous real-time access to all information and data stored on the POS System and Franchisee hereby consents to and authorizes the same. Upon installation of such computer-based systems, all orders and financial data shall be entered and recorded on such systems. Franchisee shall not manually enter, take, maintain or record orders, other receipts or sales data, costs or other financial data other than on such systems except as otherwise permitted or directed by Franchisor. Franchisor may require Franchisee to maintain support service contracts and/or maintenance services contracts and pay Franchisor or its designated third party(ies) reasonable fees to support and upgrade the POS System and a reasonable fee to Franchisor or its designated third party(ies) for collecting data from the POS System. In addition, Franchisee, at its expense, must also apply for and maintain other credit card, debit card or other non-cash payment systems that Franchisor periodically requires.

D. Inspection and Audit. Franchisor or its designated agents shall have the right at all reasonable times to examine, at its expense, the books, records, POS System and tax returns of Franchisee. Franchisor shall also have the right, at any time, to have an independent audit made of the books of Franchisee. If an inspection should reveal that any payments have been understated in any report to Franchisor, then Franchisee shall immediately upon demand pay to Franchisor the amount understated, in addition to interest from the date such amount was due until paid, at the maximum rate permitted by law. If an inspection discloses an understatement of Gross Sales in any report of three percent (3%) or more, Franchisee shall, in addition, reimburse Franchisor for any and all costs and expenses incurred in connection with the inspection (including without limitation, reasonable accounting and attorney's fees). The foregoing remedies shall be in addition to any other remedies Franchisor may have at law or in equity.

E. Credit Reports. Franchisee and each Owner grant to Franchisor the right to obtain credit reports from any credit-reporting agency regarding the credit history of Franchisee and each Owner.

X. ADVERTISING

Recognizing the value of advertising, and the importance of the standardization of advertising programs to the furtherance of the goodwill and public image of the System, the parties agree as follows:

A. Advertising Content and Approval. All advertising by Franchisee in any medium shall be conducted in a dignified manner and shall conform to the standards and requirements of the Manual. Franchisee shall submit to Franchisor for its prior approval (except with respect to prices to be charged), samples of all advertising and promotional plans and materials that Franchisee desires to use and that have not been prepared or previously approved by Franchisor. If written disapproval thereof is not received by Franchisee within fifteen (15) days from the date of receipt by Franchisor of such materials, Franchisor shall be deemed to have disapproved of the materials. No advertising or promotion by Franchisee shall be conducted on or through the Internet, social media, or other electronic transmission without express prior written approval by Franchisor

B. Advertising Fund. Franchisee agrees that Franchisor shall have the right, in its sole discretion, to establish an Advertising Fund for the System. In the event an Advertising Fund is established applicable to Franchisee's Restaurant, Franchisee further agrees that Franchisee shall make the Advertising Fund Contribution to any such Advertising Fund as required under Section IV.B. hereof, and that such Advertising Fund shall be maintained and administered by Franchisor or its designees, as follows:

i. The Advertising Contribution will be expended for the benefit of Franchisor, Franchisee and all other franchisees, licensees or users of the System for brand development initiatives and programs intended to maximize general public recognition, acceptance, and use of the System as Franchisor deems necessary or appropriate, in its sole discretion, on a national, regional or local basis. The expenditure of such funds for advertising is to be under the control of, and in the discretion of, Franchisor, at all times, or such other entities designated by Franchisor. Franchisee understands and acknowledges that the Advertising Fund is intended to maximize and support general public recognition, brand identity, sales and patronage of Restaurants for the benefit of all Restaurants in the System, and Franchisor undertakes no obligation to ensure that the Advertising Fund benefits each Restaurant in proportion to its respective Advertising Contributions. Franchisor agrees that all Advertising Contributions may be used to meet any and all costs (including, without limitation, reasonable salaries and overhead incurred by Franchisor) of maintaining, administering, directing and preparing national, regional or local advertising materials, programs and public relations activities including, without limitation, the costs of preparing and conducting media marketing campaigns and System advertising, marketing and sales programs and campaigns; consumer research and marketing surveys designed to assist in maintaining high quality standards; public relations activities; trade show participation (including travel and expenses for Franchisor's staff); the development and operation of a national and regional accounts program; on-line directory listings; developing and maintaining Franchisor's Website and other internet marketing, as well as social media and other digital applications (and other successor technology platforms); sponsorship of organizations and events; purchasing promotional items and advertising materials; out-of-pocket expenses (including printing, postage, shipping, telephone and photocopying); Franchisor's allocable overhead and administrative costs (including compensation and expenses of employees relating to the Advertising Fund); and providing promotional and other marketing materials and services to the Restaurants operated under the System, and employing advertising agencies to assist therewith and providing promotional brochures, decals and other marketing materials.

ii. Franchisor shall, for each of its company- owned Guthrie's restaurants, make contributions to the Advertising Fund equivalent to the assessments required of comparable franchised restaurants within the System.

iii. The Advertising Fund shall be accounted for separately from Franchisor's other funds and shall not be used to defray any of Franchisor's general operating expenses, except for such reasonable salaries, administrative costs and overhead as Franchisor may incur in activities reasonably related to the administration or direction of the Advertising Fund and its advertising programs. The Advertising Fund will not be Franchisor's asset. A financial statement of the operations of the Advertising Fund shall be prepared annually and shall be made available to Franchisee upon request. Franchisor may spend in any fiscal year more or less than the aggregate contribution of all Guthrie's Restaurants to the Advertising Fund in that year, and the Advertising Fund may borrow from Franchisor or others to cover deficits or invest any surplus for future use. Any lender loaning money to the Advertising Fund shall receive interest at a reasonable rate. All interest earned on monies contributed to the Advertising Fund will be used to pay advertising costs before other assets of the Advertising Fund are expended. Franchisor may cause the Advertising Fund to be incorporated or operated through a separate entity at such time as Franchisor may deem appropriate, and such successor entity, if established, will have all rights and duties specified in this Section. Franchisor will not be liable for any act or omission with respect to the Advertising Fund that is consistent with this Agreement and done in good faith. Except as expressly provided in this paragraph, Franchisor assumes no direct or indirect liability or obligation to Franchisee with respect to the maintenance, direction or administration of the Advertising Fund. Franchisee acknowledges and agrees that Franchisor is not operating or acting as a trustee or fiduciary with respect to the Advertising Contributions collected. Franchisor may reduce contributions of franchises to the Advertising Fund and upon notice to Franchisee, reduce the Advertising Fund's operation or terminate the Advertising Fund and distribute unspent monies to those contributing franchisees in proportion to their contributions in the past.

Franchisor will not be liable for any act or omission with respect to the Advertising Fund that is consistent with this Agreement and done in good faith. Except as expressly provided in this Section X.B, Franchisor assumes no direct or indirect liability or obligation to Franchisee with respect to the maintenance, direction or administration of the Advertising Fund. Franchisee acknowledges and agrees that Franchisor is not operating or acting as a trustee or fiduciary with respect to the Advertising Fund Contribution collected.

C. Grand Opening. Franchisee, at its sole expense, must develop and implement a grand opening promotion approved by Franchisor to introduce or (if Franchisee is purchasing an existing Restaurant) to re-introduce the Restaurant to the public during the period that is thirty (30) days prior and thirty (30) days after the opening of the Restaurant or sixty (60) days after the transfer of the Restaurant (if Franchisee is purchasing an existing Restaurant). Franchisee is required to spend a minimum of $4,000 for the grand opening promotion. To the extent Franchisor has developed or approved marketing or advertising programs and materials for the Restaurant's grand opening, Franchisee must use such programs and materials, if required by Franchisor.

D. Local Advertising Requirement. At its expense and exclusive of any sums paid to Franchisor, Franchisee shall conduct on a monthly basis continuing local advertising in form, content and media approved by Franchisor in an amount not less than as set forth in Section IV.E ("Local Advertising"). Upon request, Franchisee shall submit evidence of any such expenditures to Franchisor in the manner and form set forth in the Manual or otherwise in writing. In the event that Franchisee shall fail to expend such sums on Local Advertising, Franchisor may, immediately upon notice provided to Franchisee, assess Franchisee for such deficiency or require Franchisee to spend the amount of such deficiency during the next succeeding calendar month, in addition to spending at least two percent (2%) of the Gross Sales of the Restaurant during such calendar month on Local Advertising or Franchisor, at its option, may require Franchisee to pay this amount to Franchisor. Franchisor may either spend it on Franchisee's behalf, or contribute such amount to the Advertising Fund, at its sole discretion. Failure to comply with this Section shall be deemed a material breach of this Agreement. Franchisee acknowledges that it must follow the procedures provided in the Operations Manual with respect to all advertising and promotional requirements, and it may not use any advertising or promotional plans that Franchisor has not approved in writing. Franchisee shall also market, advertise and promote the Restaurant to the maximum reasonable extent, consistent with good and professional business practices, and the local advertising expenditures herein specified shall be only one component thereof.

E. Additional Advertising Requirement. Franchisee, at its expense and in addition to the foregoing provisions in this Section X, shall:

i. obtain and maintain any special promotional materials of the kind and size as Franchisor may from time to time require for comparable Guthrie's restaurants; and

ii. assure that all advertising and promotion by Franchisee shall be completely factual and shall conform to the highest reasonable standards of ethical advertising and good taste.

Franchisee agrees to refrain from any business or advertising practice which may be injurious to the business of Franchisor, other Guthrie's restaurants or the goodwill associated with the Proprietary Marks and the System.

XI. INSURANCE

A. General. Franchisee shall procure, prior to the opening of the Restaurant, and maintain in full force and effect during the term of this Agreement, at Franchisee's expense, an insurance policy or policies protecting Franchisee and Franchisor, and their respective officers, directors, managers, shareholders, members, partners and employees, against any loss, liability, personal injury, death, or property damage or expense whatsoever, including without limitation, from fire, lightning, theft, vandalism, malicious mischief, and the perils included in the extended coverage endorsement arising or occurring upon or in connection with the Restaurant, or by reason of the construction, operation or occupancy of the Restaurant, as well as such other insurance applicable to such other special risks by Franchisee's affiliated businesses, if any, as Franchisor may reasonably require for its own and Franchisee's protection.

B. Types of Insurance. Such policy or policies shall be written by an insurance company satisfactory to Franchisor in accordance with standards and specifications set forth in the Manual or otherwise in writing, and shall include, at a minimum (except as additional coverages and higher policy limits may reasonably be specified for all franchisees from time to time by Franchisor in the Manual or otherwise in writing) the following:

i. commercial general liability insurance, including coverages for products/completed operations, contractual liability, explosion, collapse and underground, personal and advertising injury, fire damage/damage to rented premises and medical expenses, having a combined single limit for bodily injury and property damage of $1,000,000 per occurrence and $2,000,000 in the aggregate; plus excess liability umbrella coverage for the general liability coverages in an amount of not less than $5,000,000 per occurrence and in the aggregate. The deductibles under such policy shall not be in excess of $25,000;

ii. worker's compensation and employer's liability insurance as well as such other insurance as may be required by statute or rule of the state in which the Restaurant is located; and

iii. fire, vandalism, and extended coverage insurance with primary and excess limits of not less than the full replacement value of the Restaurant and its furniture, fixtures, equipment and inventory.

C. Obligations not limited by Franchisor's Insurance. Franchisee's 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 which may be maintained by Franchisor, nor shall Franchisee's performance of such obligation relieve it of liability under this Agreement, including without limitation, the indemnification provisions in Section XVII.B. of this Agreement.

D. Evidence of Insurance. Franchisee agrees that Franchisor shall be named as an additional insured under each of the foregoing insurance policies. No later than fifteen (15) days before the date on which the Restaurant opens and on each policy renewal date thereafter, evidence of satisfactory insurance and proof of payment therefor shall be furnished by Franchisee to Franchisor. The evidence of insurance shall include a statement by the insurer that the policy or policies will not be cancelled or materially altered without at least thirty (30) days prior written notice to Franchisor.

E. Failure to Procure Insurance. Should Franchisee, for any reason, fail to procure or maintain the insurance required by this Agreement, as revised from time to time in the Manual or otherwise in writing, Franchisor shall have the right, at its option, to procure such insurance and to charge same to Franchisee, which charges, together with a reasonable fee for Franchisor's expenses in so acting, shall be payable to Franchisor immediately upon notice. Such failure by Franchisee to procure the insurance required by this Agreement shall constitute a material breach of this Agreement which will justify Franchisor's resort to any of the remedies provided herein, including without limitation, termination of this Agreement.

XII. TRANSFERABILITY OF INTEREST

A. Transfer by Franchisor. Franchisor shall have the right to transfer or assign all or any part of its rights or obligations herein to any person or legal entity, and any assignee of Franchisor shall become solely responsible for all obligations of Franchisor under this Agreement from the date of any such assignment. In addition, and without limitation to the foregoing, Franchisee expressly affirms and agrees that Franchisor may, at any time, sell its assets, its Proprietary Marks, or the System; may sell its securities in a public offering or in a private placement; may merge with or acquire other legal entities or be acquired by another legal entity; and may undertake a refinancing, recapitalization, leveraged buy-out, or other economic or financial restructuring.

B. Transfer by Franchisee.

i. Franchisee understands and acknowledges that the rights and duties set forth in this Agreement are personal to Franchisee and are granted in reliance upon Franchisee's business skill and financial capacity. Franchisee has represented to Franchisor that Franchisee is entering into this Agreement with the intention of complying with its terms and conditions and not for the purpose of resale of the developmental rights hereunder. Accordingly, neither Franchisee nor any Owner shall sell, assign, transfer, convey, give away, pledge, mortgage or otherwise encumber any interest in Franchisee, this Agreement or any rights granted hereunder without the prior written consent of Franchisor. Franchisee agrees that any attempt to assign or transfer any interest in Franchisee or this Agreement or any rights granted hereunder or any purported assignment or transfer, by operation of law or otherwise, without Franchisor's prior written consent shall be null and void and shall be deemed an event of default of this Agreement, for which Franchisor may then terminate without opportunity to cure pursuant to Section XIII.B. of this Agreement.

ii. Franchisor shall not unreasonably withhold its consent to a transfer of any interest in Franchisee, this Agreement or any rights granted hereunder, subject to the right of first refusal provided in Section XII.E. hereof; provided, however, that prior to the time of transfer, Franchisor may, in its sole discretion, require that:

(a) all of Franchisee's accrued monetary obligations to Franchisor and its affiliates and all other outstanding obligations related to this Agreement and the Restaurant shall have been satisfied;

(b) except to the extent limited or prohibited by applicable law, Franchisee and its Owners must execute a general release, in form and substance prescribed by Franchisor, of any and all claims against Franchisor and its affiliates and their respective shareholders, members, officers, directors, managers, employees, agents, attorneys, accountants, successors and assigns;

(c) the transferee shall enter into a written assignment, under seal, and in a form satisfactory to Franchisor, assuming and agreeing to discharge all of Franchisee's obligations under this Agreement;

(d) the transferee shall demonstrate to Franchisor's satisfaction that it meets Franchisor's managerial and business standards; possesses a good moral character, business reputation and credit rating; has the aptitude and ability to conduct the business to be operated hereunder (as may be evidenced by prior related business experience or otherwise); and has adequate financial resources and capital to operate the business;

(e) the transferee shall execute (and/or, upon Franchisor's request, cause all interested parties to execute) such then-current standard form of franchise agreement and any other ancillary agreements as Franchisor may require for the Restaurant for a term ending on the date of expiration of this Agreement;

(f) at transferee's expense and upon such other terms and conditions as Franchisor may reasonably require, the transferee (or its operating partner) or the transferee's manager shall complete the training course then in effect for franchisees of Franchisor;

(g) if Franchisee (or any of its Owners) finances any part of the sales price of the transferred interest, Franchisee and/or Owners must agree that all obligations of the transferee, and security interests reserved by any of them in the assets of the Restaurant, shall be subordinate to the transferee's obligations to pay all amounts due to Franchisor, and to otherwise comply with this Agreement or the new franchise agreement executed by the transferee; and

(i) except in the case of a transfer to a corporation formed solely for the convenience of ownership pursuant to Section XII.C. hereof, or in the event of a transfer upon Franchisee's or any Owner's death, permanent incapacity or dissolution pursuant to Section XII.F. of this Agreement, a transfer fee in the amount of Ten Thousand Dollars ($10,000.00) shall have been paid by Franchisee or the applicable transferor to Franchisor, which the parties agree is reasonable, to cover Franchisor's administrative and other expenses in connection with the transfer.

iii. Franchisor's approval of a transfer shall not constitute (a) a representation by Franchisor as to the fairness of the terms of any agreement or arrangement between Franchisee or its Owners and the transferee or as to the prospects of success of the Restaurant as operated by the transferee, or (b) a waiver of any claims by Franchisor against Franchisee or its Owners or a waiver of Franchisor's right to demand the transferee's exact compliance with this Agreement.

C. Transfer to Franchisee's Corporation or Other Legal Entity. In the event the proposed transfer is to a corporation or other legal entity formed solely for the convenience of ownership, Franchisor's consent to such transfer may, in its sole discretion, be conditioned on the following additional requirements:

i. the entity shall be newly organized and its charter shall provide that its activities are confined exclusively to operating the business hereunder;

ii. Franchisee shall not diminish his, her or its proportionate ownership interest in the transferee, except as may be required by law, and shall act as its principal executive officer;

iii. each certificate of ownership of the new entity shall have conspicuously endorsed upon its face a statement in a form satisfactory to Franchisor that it is held subject to, and that further assignment or transfer thereof is subject to, all restrictions imposed upon assignments by this Agreement; and

iv. copies of the transferee's articles of incorporation or organization (or equivalent), by-laws, partnership agreement or operating agreement (or equivalent) and other governing documents, including the resolutions of the board of directors, partners or managers authorizing entry into this Agreement, shall be promptly furnished to Franchisor.

D. Transfer and Issuance of Securities. If Franchisee is a corporation, partnership or limited liability company, it shall maintain stop transfer instructions against the transfer on its records of any securities with voting rights subject to the restrictions of this Section XII., and shall issue no such securities upon the face of which the following printed legend does not legibly and conspicuously appear:

"The transfer of these equity securities is subject to the terms and conditions of a Franchise Agreement with Guthrie's Franchising, Inc. Reference is made to the provisions of said Franchise Agreement."

E. Franchisor Right of First Refusal. If Franchisee or any Owner desires to accept any bona fide offer to purchase his, her or its interest in Franchisee, this Agreement or any rights granted hereunder from a third party, Franchisee or such Owner (as applicable) shall notify Franchisor in writing of each such offer (which notice shall include a complete and accurate copy of such offer), and Franchisor shall have the right and option, exercisable within thirty (30) days after receipt of such written notification, to send written notice to Franchisee or such Owner (as applicable) that Franchisor or its nominee intends to purchase the transferor's interest on the same terms and conditions offered by the third party. Any material change in the terms of any offer prior to closing, or failure to close such transfer within ninety (90) days after delivery of such offer to Franchisor, shall constitute a new offer subject to the same rights of first refusal by Franchisor or its nominee as in the case of an initial offer. Failure of Franchisor to exercise the option afforded by this Section XII.E. shall not constitute a waiver of any other provision of this Agreement, including all of the requirements of this Section XII.E., with respect to a proposed transfer or any subsequent transfer.

F. Transfer Upon Death or Permanent Incapacity. Upon the death or permanent incapacity of Franchisee or any Owner or upon the dissolution of Franchisee if it is a corporation, partnership, limited liability company or other entity, the executor, administrator, personal representative or trustee of such person or entity shall transfer his, her or its interest in Franchisee or in this Agreement or any rights granted hereunder to a third party approved by Franchisor within a reasonable time not to exceed nine (9) months after the date of such death, incapacity or dissolution. Such transfers, including without limitation, transfers by devise or inheritance, shall be subject to the same conditions as any inter vivos transfer contained in this Agreement.

XIII. DEFAULT AND TERMINATION

A. Automatic Termination. Franchisee shall be deemed to be in default under this Agreement, and all rights granted herein shall automatically terminate without notice to Franchisee, if Franchisee (or, if Franchisee is a corporation, an officer or director of or a shareholder in Franchisee or an entity affiliated with Franchisee; if Franchisee is a partnership, a general or limited partner of Franchisee or an entity affiliated with Franchisee; or if Franchisee is a limited liability company, a manager of or a member in Franchisee or an entity affiliated with Franchisee), is adjudicated a bankrupt, becomes insolvent, suffers permanent or temporary court-appointed receivership of substantially all of its property, makes a general assignment for the benefit of creditors, suffers the filing of a voluntary or involuntary bankruptcy petition which is not dismissed within thirty (30) days after filing, if execution is levied against Franchisee's Restaurant business or property, if suit to foreclose any lien or mortgage against the Premises or the furniture, fixtures or equipment therein is instituted against Franchisee and not dismissed within thirty (30) days, or if the real or personal property of the Premises or Franchisee's Restaurant shall be sold after levy thereupon by any sheriff, marshal, or constable.

B. Termination by Franchisor with no Opportunity to Cure. Franchisee shall be deemed to be in default and Franchisor may, at its option, terminate this Agreement and all rights granted hereunder, without affording Franchisee any opportunity to cure the default, effective immediately upon receipt of notice to Franchisee, upon the occurrence of any of the following events:

i. if Franchisee fails to open the Restaurant or commence business as provided in Section V.C., or if Franchisee ceases to do business at the Restaurant, or loses the right to possession of the Premises or otherwise forfeits the right to do or transact business in the jurisdiction where the Restaurant is located; provided, however, that if any such loss of possession results from the governmental exercise of the power of eminent domain, or if, through no fault of Franchisee, the Premises are damaged or destroyed by a disaster such that they cannot, in Franchisor's judgment, reasonably be restored, then in either such event this Agreement shall not be terminated for that reason for a period sixty (60) days after the applicable event, provided Franchisee applies within that time for approval to relocate the Restaurant for the remainder of the term hereof to other premises, which application shall not unreasonably be denied provided that the relocation conditions set forth in Section I.E. are met; if Franchisee fails to make such application, if the application is denied or if Franchisee otherwise defaults under this

Agreement during such sixty (60) day period, Franchisor may, at its option, terminate this Agreement effective immediately upon receipt of notice by Franchisee;

ii. if Franchisee (or, if Franchisee is a corporation, an officer or director of or a shareholder in Franchisee or an entity affiliated with Franchisee; if Franchisee is a partnership, a general or limited partner of Franchisee or an entity affiliated with Franchisee; or if Franchisee is a limited liability company, a manager of or a member in Franchisee or an entity affiliated with Franchisee) is convicted of or pleads no contest to a felony, a crime involving moral turpitude, or other crime or offense, or commits any act that Franchisor reasonably believes may adversely affect the System, the Proprietary Marks, the goodwill associated therewith or Franchisor's interest therein;

iii. if Franchisee (or, if Franchisee is a corporation, an officer or director of or a shareholder in Franchisee or an entity affiliated with Franchisee; if Franchisee is a partnership, a general or limited partner of Franchisee or an entity affiliated with Franchisee; or if Franchisee is a limited liability company, a manager of or a member in Franchisee or an entity affiliated with Franchisee) (i) misuses or makes an unauthorized use of or misappropriates any Proprietary Mark or otherwise materially impairs the goodwill associated therewith or Franchisor's rights therein, (ii) challenges Franchisor's ownership of any Proprietary Mark, or (iii) files a lawsuit involving any Proprietary Mark without Franchisor's consent;

iv. if a threat or danger to public health or safety results from the construction, maintenance or operation of the Restaurant;

v. if Franchisee purports to transfer any rights or obligations under this Agreement or any interest in this Agreement or in Franchisee in a manner that is contrary to the terms of this Agreement;

vi. if Franchisee, its Owners or any of the other restricted parties fails to comply with the in-term covenants set forth in Section XV. hereof;

vii. if Franchisee, its Owners or any of the other restricted parties discloses or divulges the contents of the Manual or other trade secrets or Confidential Information provided to Franchisee hereunder, contrary to Sections VII. and VIII. hereof;

viii. if an approved transfer is not effected within a reasonable time following Franchisee's death, permanent incapacity or dissolution as required by Section XII.F. hereof;

ix. if Franchisee is in default as provided in Section XIII.C. of this Agreement and has received one (1) or more prior notices of default pursuant to Section XIII.C. hereof for any default during any preceding twelve (12) month period;

x. if Franchisee fails, refuses, or neglects promptly to pay any monies owing to Franchisor or its affiliates when due (including interest as provided for herein) and Franchisee does not correct such failure within ten (10) days after written notice thereof is delivered to Franchisee; in the event of default in the payment of any monies due from Franchisee to Franchisor or its affiliates Franchisee agrees to pay all reasonable attorney's fee incurred by Franchisor in the collection of such amounts;

xi. if Franchisee (or, if Franchisee is a corporation, an officer or director of or a shareholder in Franchisee or an entity affiliated with Franchisee; if Franchisee is a partnership, a general or limited partner of Franchisee or an entity affiliated with Franchisee; or if Franchisee is a limited liability company, a manager of or a member in Franchisee or an entity affiliated with Franchisee) makes or has made any misrepresentation, misstatement or omission to Franchisor in connection with obtaining this Agreement (including, without limitation, any information or documentation provided to Franchisor prior to the execution of this Agreement) or in connection with any other information provided pursuant to this Agreement.

C. Termination by Franchisor with Opportunity to Cure. Except as provided in Sections XIII.A. and XIII.B. of this Agreement, Franchisee shall have thirty (30) days after its receipt from Franchisor of a written notice of termination within which to remedy any default hereunder and provide evidence thereof to Franchisor. If any such default is not cured within the thirty (30) day period, this Agreement shall terminate without further notice to Franchisee effective immediately upon the expiration of the thirty (30) day period. Franchisee shall be in default hereunder for any failure to comply with any of the requirements imposed by this Agreement, as it may from time to time reasonably be supplemented by the Manual, or to carry out the terms of this Agreement in good faith. Such defaults shall include, for example, without limitation, the occurrence of any of the following events:

i. if Franchisee fails, refuses, or neglects to submit the financial information, reports or other operating information required by Franchisor under this Agreement;

ii. if Franchisee fails to maintain the standards that Franchisor requires in this Agreement and in the Manual;

iii. if Franchisee, by act or omission, suffers a violation, in connection with the operation of the Restaurant, of any law, ordinance, rule or regulation of a governmental agency, in the absence of a good faith dispute over its application or legality and without promptly resorting to an appropriate administrative or judicial forum for relief therefrom; or

iv. if Franchisee fails, refuses or neglects to obtain Franchisor's prior written approval or consent as required by this Agreement.

D. Burden of Proof. In any proceeding where Franchisee's default for failure to meet the System's standards is at issue, Franchisor's determination of Franchisee's non-compliance shall be presumed correct and Franchisee shall have the burden of proving that Franchisee was in compliance. Franchisee agrees that the quality status of another restaurant in the System shall not be relevant to whether Franchisor may terminate this Agreement or pursue other remedies for Franchisee's failure to meet System standards.

E. Termination Upon Expiration. Unless extended in accordance with this Agreement, this Agreement shall automatically terminate upon the expiration of its initial or renewal term.

XIV. OBLIGATIONS UPON TERMINATION

Upon termination or expiration, this Agreement and all rights granted hereunder to

Franchisee shall forthwith terminate, and:

A. Cease Operating the Restaurant. Franchisee shall immediately cease to operate the Restaurant licensed under this Agreement, and shall not thereafter, directly or indirectly, represent to the public or hold itself out as a present or former franchisee of Franchisor.

B. Cease Using Names and Proprietary Marks. Franchisee shall immediately and permanently cease to use, by advertising or in any manner whatsoever, any equipment, format, improvements, methods, procedures and techniques associated with the System; the name "Guthrie's"; and any Proprietary Marks and distinctive trade dress and devices associated with the System. In particular, Franchisee shall cease to use, without limitation, all signs, furniture, fixtures, equipment, advertising materials, stationery, forms and any other articles which display the Proprietary Marks or trade dress associated with the System, provided, however, that this Section XIV.B. shall not apply to the operation by Franchisee of any other franchise under the System pursuant to a franchise agreement between Franchisor and Franchisee.

C. No Confusion with Proprietary Marks. Franchisee agrees, in the event it continues to operate or subsequently begins to operate a restaurant or 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 Franchisor's exclusive rights in and to the Proprietary Marks and the System and further agrees not to utilize any trade dress or designation of origin or description or representation which falsely suggests or represents an association or connection with Franchisor so as to constitute unfair competition. Franchisee shall make such modifications or alterations to the Premises (including, without limitation, the changing of the telephone number) immediately upon termination or expiration of this Agreement as may be necessary to prevent the operation of any business thereon by himself, herself, itself or others in derogation of this Section XIV. and shall make such specific additional changes thereto as Franchisor may reasonably request for that purpose. In the event Franchisee fails or refuses to comply with the requirements of this Section XIV., Franchisor shall have the right to enter upon the Premises where Franchisee's Restaurant business was conducted, 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 the expense of Franchisee, which expense Franchisee agrees to pay immediately upon demand.

D. Payment of Amounts Owed by Franchisee. Franchisee shall promptly pay all sums owing to Franchisor and its affiliates. In the event of termination of this Agreement for any default of Franchisee, such sums shall include all damages, costs and expenses, including reasonable attorney's fees, incurred by Franchisor or its affiliates as a result of the default, which obligation shall give rise to and remain, until paid in full, a lien in favor of Franchisor against any and all of the personal property, machinery, furniture, fixtures and equipment owned by Franchisee and on the Premises at the time of default. Franchisee shall pay to Franchisor all damages, costs and expenses, including reasonable attorney's fees, incurred by Franchisor subsequent to the termination or expiration of this Agreement in obtaining injunctive or other relief for the enforcement of any provisions of this Section XIV.

E. Liquidated Damages. Upon termination of this Agreement, Franchisee agrees to pay to Franchisor within fifteen (15) days after the effective date of termination, in addition to the amounts owed hereunder, liquidated damages equal to the average semi-monthly Royalty Fees Franchisee paid or owed to Franchisor for the Restaurant during the twenty-four (24) semi-monthly periods of operation preceding the effective date of termination (or, if the Restaurant has not been open for at least twenty-four (24) semi-monthly periods, the average semi-monthly amount of Royalty Fees paid or owed to Franchisor for the semi-monthly periods in which the Restaurant has been open), multiplied by the lower of (a) 48 (being the number of semi-monthly periods in two full years), or (b) the number of semi-monthly periods remaining in the Term of this Agreement had it not been terminated. The parties hereto acknowledge and agree that it would be impracticable to determine precisely the damages Franchisor would incur from this Agreement's termination and the loss of cash flow from Royalty Fees due to, among other things, the complications of determining what costs, if any, Franchisor might have saved and how much the Royalty Fees would have grown over what would have been this Agreement's remaining term. The parties hereto consider this liquidated damages provision to be a reasonable, good faith pre-estimate of those damages, and not a penalty. This liquidated damages provision only covers Franchisor's damages from the loss of cash flow from the Royalty Fees. It does not cover any other damages, including damages to Franchisor's reputation with the public and landlords and damages arising from a violation of any provision of this Agreement other than the Royalty Fee section. Franchisee and each of its Owners agree that the liquidated damages provision does not give Franchisor an adequate remedy at law for any default under, or for the enforcement of, any provision of this Agreement other than the Royalty Fee section.

F. <u>Return of Manual and Other Materials</u>. Franchisee shall immediately turn over to Franchisor all copies of the Manuals and any records, files, instructions, correspondence and any and all other materials containing Confidential Information and all copies thereof, and shall retain no copy or record of any of the foregoing, excepting only Franchisee's copy of this Agreement and of any correspondence between the parties and any other documents which Franchisee reasonably needs for compliance with any provision of law.

G. <u>Franchisor's Right to Purchase</u>. Upon the termination or expiration of this Agreement, Franchisor shall have the right, but not the obligation, to assume Franchisee's lease for the Premises pursuant to the Lease Rider attached to this Agreement as Exhibit D and Franchisee's telephone numbers and listings pursuant to the Listings Assignment. In addition, Franchisor shall have the right, but not the obligation, exercisable by giving notice thereof ("Appraisal Notice") within ten (10) days after the date of such termination or expiration, to require that a determination be made of the Fair Market Value of any or all assets of the Restaurant as Franchisor in its sole discretion may determine, including without limitation, all signs, fixtures, furniture, equipment, leasehold improvements, real property, covenants and other contract rights, inventory, food products, ingredients, supplies, paper goods and any items bearing the Proprietary Marks. "Fair Market Value" shall mean the amount, as determined by good faith negotiations between Franchisor and Franchisee, which an arm's length purchaser would be willing to pay for the purchased assets. Under no circumstances will any value be attributed to any goodwill associated with any Proprietary Mark. If Franchisee and Franchisor are unable to agree on Fair Market Value within thirty (30) days after Franchisor's Appraisal Notice, then Fair Market Value will be determined by a member of a nationally recognized accounting firm mutually selected by Franchisor and Franchisee who has experience in the valuation of businesses in the food service industry (the "Appraiser"). If Franchisor and Franchisee are unable to agree on the Appraiser within thirty (30) days after Franchisor's Appraisal Notice, either party may demand the appointment of an Appraiser be made by the director of the Regional Office of the AAA (as defined below), located at the office of the AAA closest to Franchisor's principal executive office on the date of submission of the matter, and such person shall be the Appraiser. The Appraiser will make his or her determination and submit a written report ("Appraisal Report") to the parties as soon as practicable, but in no event more than sixty (60) days after his or her appointment. Each party may submit in writing to the Appraiser its judgment of Fair Market Value (together with its reasons therefor); however, the Appraiser shall not be limited to these submissions and may make such independent investigations as he or she reasonably determines to be necessary. The Appraisers fees and costs shall be borne equally by the parties.

Franchisor's right to purchase assets pursuant to this Section XIV.G. shall be exercised by written notice to Franchisee not later than ninety (90) days after submission of the Appraisal Report (or the date that an agreement is reached, if the parties agree to the Fair Market Value). Franchisor shall have the unrestricted right to assign this option to purchase separate and apart from the remainder of this Agreement. If Franchisor exercises its option to purchase, the purchase price for the assets will be the Fair Market Value and will be paid in cash at the closing (or in such other manner as Franchisor and Franchisee shall mutually agree), which will occur at the place, time and date Franchisor designates, but not later than sixty (60) days after the exercise of Franchisor's option to purchase such assets. At the closing, Franchisor will be entitled to all warranties, title insurance policies and other closing documents and post-closing indemnifications as Franchisor may reasonably require.

Upon delivery of the Appraisal Notice and pending (i) determination of Fair Market Value, (ii) Franchisor's option period, and (iii) the closing of the purchase, Franchisor may authorize continued temporary operations of the Restaurant pursuant to the terms of this Agreement, subject to the supervision and control of one or more of Franchisor's appointed managers.

In the event Franchisor exercises its option to purchase any assets of Franchisee, the purchase price will be reduced by:

i. any amounts due from Franchisee to Franchisor or its affiliates;

ii. if applicable, any amount required to perform remodeling, repairs, replacements and redecoration in and upon the Premises as Franchisor shall deem reasonably necessary and practical to bring the Premises, including equipment and fixtures, up to the then current standards of newly developed and operating Guthrie's restaurants; and

iii. if applicable, any current and long-term liabilities of Franchisee assumed by Franchisor.

XV. <u>COVENANTS</u>

A. <u>In-Term Covenants</u>. During the term of this Agreement, neither Franchisee nor any of its Owners shall, either directly or indirectly (including without limitation, through his, her, its or their Immediate Families), for himself, herself or itself, or through, on behalf of, or in conjunction with any person or entity:

i. divert or attempt to divert any business or customer of the Restaurant to any Competitive Business, 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 the Proprietary Marks or the System;

ii. employ or seek to employ any person who is at that time employed by Franchisor or by any other franchisee of Franchisor, or otherwise directly or indirectly to induce such person to leave his or her employment thereat; or

iii. own, maintain, engage in, have any legal or beneficial interest in or render services or give advice to any (a) Competitive Business located anywhere, or (b) any entity located anywhere which grants franchises or licenses to operate any Competitive Business.

B. Post Term Covenants. Franchisee covenants that for a period of twenty-four (24) months after the expiration or termination of this Agreement, regardless of the cause of termination, neither Franchisee nor any of its Owners shall, directly or indirectly (including without limitation, through his, her, its or their Immediate Families), own, maintain, engage in, have any legal or beneficial interest in or render services or give advice to (1) any Competitive Business operating in the Protected Area, (2) any Competitive Business operating within a radius of three (3) miles of any Guthrie's restaurant in operation or under construction on the effective date of termination or expiration of this Agreement; or (3) any entity which grants franchises, licenses or other interests to others to operate any Competitive Business.

The foregoing in-term and post-term restrictions shall be inapplicable to (1) the ownership of shares of a class of securities listed on a stock exchange or traded on the over-the-counter market that represent less than five percent (5%) of the number of shares of that class of securities issued and outstanding, and (2) the ownership and operation of any other Guthrie's restaurant by Franchisee under a franchise agreement with Franchisor.

C. Franchisor's Right to Reduce Scope of Covenant. Franchisee understands and acknowledges that Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in Sections XV.A. or B. in this Agreement, or any portion thereof, effective immediately upon receipt by Franchisee of written notice thereof, and Franchisee agrees that it shall comply forthwith with any covenant as so modified, which shall be fully enforceable notwithstanding the provisions of Section XX. hereof.

XVI. TAXES, PERMITS AND INDEBTEDNESS

A. Taxes. Franchisee shall promptly pay when due all taxes levied or assessed by any federal, state or local tax authority, and any and all indebtedness incurred by Franchisee in the conduct of its business. In the event of any bona fide dispute as to liability for taxes assessed or other indebtedness, Franchisee may contest the validity or the amount of the tax or indebtedness in accordance with procedures of the taxing authority or applicable law; however, to the extent permitted by applicable law, in no event shall Franchisee permit a tax sale or seizure by levy of execution or similar writ or warrant, or attachment by a creditor, to occur against the Premises or any furniture, fixtures, equipment or improvements thereon.

B. Compliance with Laws. Franchisee shall comply with all federal, state and local laws, rules and regulations, and shall timely obtain any and all permits, certificates or licenses necessary for the full and proper conduct of its business, including without limitation, building and other required construction permits, licenses to do business and fictitious name registrations, sales tax permits, health and sanitation permits and ratings and fire clearances. Copies of all subsequent inspection reports, warnings, certificates and ratings issued by any governmental entity during the term of this Agreement in connection with the conduct of its business which indicate Franchisee's failure to meet or maintain the highest governmental standards (such as, without limitation, a Grade A sanitation rating or its equivalent) or less than full compliance by Franchisee with any applicable law, rule or regulation shall be forwarded to Franchisor by Franchisee within five (5) days of Franchisee's receipt thereof.

C. Notice to Franchisor. Franchisee shall notify Franchisor in writing within five (5) days of the commencement of any action, suit or proceeding or the issuance of any order, writ, injunction, award or decree of any court, agency or other governmental instrumentality which may adversely affect the operation or financial condition of Franchisee or the Restaurant established under this Agreement.

XVII. INDEPENDENT CONTRACTOR AND INDEMNIFICATION

A. Independent Contractor. It is understood and agreed by the parties hereto that this Agreement does not create a fiduciary relationship between them and that nothing in this Agreement is intended to constitute either party an agent, legal representative, subsidiary, joint venturer, joint employer, partner, employee or servant of the other for any purpose whatsoever. Neither party shall be responsible for the debts or liabilities incurred by the other.

B. Indemnification. The parties understand and agree that nothing in this Agreement authorizes Franchisee to make any contract, agreement, warranty or representation on Franchisor's behalf or to incur any debt or other obligation in Franchisor's name, and that Franchisor shall in no event assume liability for, or be deemed liable hereunder as a result of, any such action or by reason of any act or omission of Franchisee in its conduct of its business or claim or judgment arising therefrom against Franchisor. Franchisee agrees to indemnify and hold Franchisor, its affiliates and their respective shareholders, directors, officers, agents, employees and successors and assigns, harmless against any action, claim, loss, liability, obligation, damages, taxes, costs or other expenses (including but not limited to, settlement costs and attorneys' fees) asserted against any of the foregoing parties arising directly or indirectly from, as a result of, or in connection with Franchisee's operation of the business licensed hereunder, including without limitation, the development or operation of the Restaurant. Franchisee shall also reimburse each of the indemnified parties for all costs reasonably incurred in defending any such matter, including reasonable attorneys' fees. This section shall continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

XVIII. APPROVALS AND WAIVERS

A. Whenever this Agreement requires the prior approval or consent of Franchisor, Franchisee shall make a timely written request to Franchisor therefor, and, except as otherwise provided herein, such approval or consent shall be obtained in writing.

B. Franchisor makes no warranties or guaranties upon which Franchisee may rely, and assumes no liability or obligation to Franchisee or any third party to which it would not otherwise be subject, by providing any waiver, approval, advice, consent or suggestion to Franchisee in connection with this Agreement, or by reason of any neglect, delay or denial of any request therefor.

C. No failure of Franchisor to exercise any power reserved to it by this Agreement or to insist upon strict compliance by Franchisee with any obligation or condition hereunder, and no custom or practice of the parties at variance with the terms hereof, shall constitute a waiver of Franchisor's right to demand exact compliance with the terms of this Agreement. Waiver by Franchisor of any particular default by Franchisee shall not affect or impair Franchisor's rights with respect to any subsequent default of the same, similar or different nature, nor shall any delay, forbearance or omission of Franchisor to exercise any power or right arising out of any breach or default by Franchisee of any of the terms, provisions or covenants of this Agreement, affect or impair Franchisor's right to exercise the same, nor shall such constitute a waiver by Franchisor of any rights hereunder or the right to declare any subsequent breach or default. Subsequent acceptance by Franchisor of any payments due to it hereunder shall not be deemed to be a waiver by Franchisor of any preceding breach by Franchisee of any terms, covenants or conditions of this Agreement.

XIX. NOTICES

Any and all notices required or permitted under this Agreement shall be in writing and shall be personally delivered, mailed, postage prepaid, sent by e-mail (with a confirmation of transmission), or delivered by other means which affords the sender evidence of delivery, or of rejected delivery, to the respective parties at the following addresses unless and until a different address has been designated by written notice to the other party:

Notices to Franchisor:

GUTHRIE'S FRANCHISING, INC.
2320 Moore's Mill Road, Suite 600
Auburn, Alabama 36830
Attn: ____________________
E-mail: ____________________

Notices to Franchisee:

____
____
____
Attn: ____________________
E-mail: ____________________

Any notice by a means which affords the sender evidence of delivery, or rejected delivery, shall be deemed to have been given at the date and time of receipt or rejected delivery.

XX. ENTIRE AGREEMENT

This Agreement, the documents referred to herein and the Exhibits and attachments attached hereto constitute the entire, full and complete agreement between Franchisor and Franchisee concerning the subject matter hereof and supersede any and all prior negotiations, understandings, representations and agreements, no other representations having induced Franchisee to execute this Agreement; provided, however, that nothing in this Agreement is intended to disclaim the representations made by Franchisor in the Franchise Disclosure Document that was furnished to Franchisee by Franchisor.

Franchisee acknowledges that it is entering into this Agreement as a result of its own independent investigation of the franchised business contemplated hereunder and not as a result of any representations about Franchisor made by its shareholders, officers, directors, employees, agents, representatives, independent contractors or franchisees that are contrary to the terms set forth in this Agreement, or in the Franchise Disclosure Document, prospectus or other similar document required or permitted to be given to Franchisee pursuant to applicable law.

Except as otherwise expressly set forth herein, 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.

XXI. SEVERABILITY AND CONSTRUCTION

A. Except as expressly provided to the contrary herein, each portion, section, part, term and/or provision of this Agreement shall be considered severable; and if, for any reason, any portion, 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 arbitrators, 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.

B. Franchisee expressly agrees to be bound by any promise or covenant imposing the maximum duty permitted by law which is subsumed within the terms of any provision hereof, as though it were separately articulated in and made a part of this Agreement, that may result from striking from any of the provisions hereof any portion or portions which a court may hold to be unreasonable and unenforceable in a final decision to which Franchisor is a party, or from reducing the scope of any promise or covenant to the extent required to comply with such a court order.

C. Any provision or covenant in this Agreement which expressly or by its nature imposes obligations beyond the expiration, termination (regardless of cause for termination) or assignment of this Agreement, shall survive such expiration, termination or assignment, including, without limitation, Sections V.R., VI.H., VII., VIII., IX.A. and D., XIII.D., XIV. through XXIV. and XXVI. through XXVIII.

D. Anything to the contrary notwithstanding, nothing in this Agreement is intended, nor shall be deemed, to confer upon any person or legal entity other than Franchisor or Franchisee and such of their respective successors and assigns as may be contemplated by Section XII. hereof, any rights or remedies under or by reason of this Agreement.

E. All captions in the Agreement are intended solely for the convenience of the parties, and none shall be deemed to affect the meaning or construction of any provision hereof.

F. All references herein to the masculine, neuter or singular shall be construed to include the masculine, feminine, neuter or plural, where applicable, and all acknowledgements, promises, covenants, agreements and obligations herein made or undertaken by Franchisee shall be deemed jointly and severally undertaken by all the parties hereto that execute this

Agreement on behalf of Franchisee.

G. This Agreement may be signed in multiple counterparts, each of which will be deemed an original, and all of which together constitute one and the same document.

XXII. APPLICABLE LAW

A. This Agreement takes effect upon its acceptance and execution by Franchisor in Alabama, and shall be governed by and interpreted and construed under the laws of the State of Alabama. In the event of any conflict of law, the laws of the State of Alabama shall prevail, without regard to, and without giving effect to, the application of Alabama conflict of law rules.

B. No right or remedy conferred upon or reserved to Franchisor or Franchisee 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.

C. Nothing herein contained shall bar the right of either party to obtain injunctive relief against threatened conduct that may cause it loss or damages, under the usual equity rules, including the applicable rules of obtaining restraining orders and preliminary injunctions, subject to Section XXIII.C below.

XXIII. ARBITRATION

A. Disputes Subject to Arbitration. Except as expressly provided to the contrary in this Agreement, including without limitation, Section XXIII.E. below, all disputes and controversies between Franchisor and Franchisee, or Franchisor's affiliates and their respective shareholders, members, officers, directors, managers, agents, and/or employees and Franchisee's affiliates and their respective shareholders, members, officers, directors, managers, agents, guarantors and/or employees arising out of or related to: (1) this Agreement or any other agreement between Franchisee and Franchisor; (2) Franchisor's relationship with Franchisee; (3) the validity of this Agreement or any other agreement between Franchisee and Franchisor; or (4) the System, including allegations of fraud, misrepresentation and violation of any state or federal laws or regulations, are subject to and will be resolved exclusively by arbitration conducted in accordance with the Commercial Rules and Regulations of the American Arbitration Association.

B. Demand for Arbitration. Either party may demand arbitration by giving the other party written notice. Within ten (10) days after a written demand for arbitration has been delivered by the party demanding arbitration, either party will have the right to request the office of the American Arbitration Association located in Birmingham, Alabama to initiate the arbitration procedures. Such arbitration shall be conducted before three (3) arbitrators, chosen as follows: Franchisor and Franchisee shall each select one (1) arbitrator. These two (2) arbitrators shall mutually agree on one (1) other arbitrator to act as the third arbitrator. The arbitrators will be appointed as provided herein within sixty (60) days after a written demand for arbitration has been made in accordance with the Commercial Rules and Regulations of the American Arbitration Association.

C. Venue and Jurisdiction. All arbitration hearings will take place exclusively in Birmingham, Alabama, and will be held no earlier than ninety (90) days after the arbitrators have been selected. Franchisor and Franchisee, on behalf of themselves and the parties listed in Section XXIII.A. above, do hereby agree and submit to personal jurisdiction in the City of Birmingham, State of Alabama in connection with any arbitration hearings or litigation hereunder and any suits brought to enforce the decision of the arbitrators, and do hereby waive any rights to contest venue and jurisdiction in the State of Alabama and any claims that venue and jurisdiction are invalid or inconvenient.

D. Powers of Arbitrators. The authority of the arbitrators will be limited to making a finding, judgment, decision and award relating to the interpretation of or adherence to the written provisions of this Agreement. The Federal Rules of Evidence (the "Rules") will apply to all arbitration hearings and the introduction of all evidence, testimony, records, affidavits, documents and memoranda in any arbitration hearing must comply in all respects with the Rules and legal precedents interpreting the Rules. Both parties will have the absolute right to cross-examine any person who has testified against them or in favor of the other party. The arbitrators will have no authority to add to, delete or modify in any manner the terms and provisions of this Agreement. All findings, judgments, decisions and awards of the arbitrators will be limited to the dispute set forth in the written demand for arbitration and the arbitrators will have no authority to decide any other issues. The arbitrators will not have the right or authority to award punitive damages to either Franchisor or Franchisee or the parties listed in Section XXIIII.A. above and Franchisor and Franchisee, on behalf of themselves and the parties listed in Section XXIII.A. above, expressly waive their rights to plead or seek punitive damages. All findings, judgments, decisions and awards by the arbitrators will be in writing, will be made within thirty (30) days after the arbitration hearings have been completed, and will be final and binding on Franchisor and Franchisee. The written decision of the arbitrators will be deemed to be an order, judgment and decree and may be entered as such in any court of competent jurisdiction by either party thereafter. If, during the course of arbitration, either party fails to appear at a meeting or hearing duly scheduled in accordance with the Commercial Rules and Regulations of the American Arbitration Association, the arbitrators will have the absolute right to enter a default judgment against the party failing to appear and may grant a remedy and relief in favor of the moving party.

E. Disputes not Subject to Arbitration. The following disputes between Franchisor and Franchisee will not be subject to arbitration: (a) Franchisee's misuse of the Proprietary Marks or the System; (b) the obligations of Franchisee upon termination or expiration of this Agreement; (c) the sale, transfer or assignment of any interest in this Agreement or in Franchisee or any rights granted hereunder; and (d) Franchisee's violation of Section VIII. or Section XV.

F. Confidentiality. All evidence, testimony, records, documents, findings, decisions, judgments, awards and orders pertaining to any arbitration hearing or litigation between Franchisor and Franchisee will be secret and confidential in all respects. Franchisor and Franchisee will not disclose the decision or award of the arbitrators and will not disclose any evidence, testimony, records, documents, findings, decisions, judgments, awards or orders or other matters from the arbitration hearing to any person or entity except as required by law.

G. No Right of Set Off. Franchisee agrees that it will not set off or withhold payment of any amounts it owes Franchisor on the grounds of Franchisor's alleged nonperformance of any of Franchisor's obligations under this Agreement or for any other reason. Franchisee agrees that all such claims will, if not otherwise resolved, be submitted to arbitration as provided in this Section XXIII.

XXIV. LIMITATIONS ON ACTIONS

A. Waiver of Punitive Damages. Except with respect to the unauthorized use of the Proprietary Marks, or breach of the confidentiality or non-competition provisions hereof, Franchisor and Franchisee waive to the fullest extent permitted by law any right or claim for any punitive, exemplary, consequential or speculative damages against the other and agree that in the event of a dispute between them, except as otherwise provided herein, each shall be limited to the recovery of actual damages sustained.

B. Waiver of Class Action Proceedings. Franchisee and its owners agree that for the System to function properly, Franchisor must not be burdened with the cost of litigation of System-wide disputes. Accordingly, any disagreement between Franchisor and Franchisee shall be considered unique as to its facts and shall not be brought as a class action and Franchisee waives any rights to proceed against Franchisor by way of class action. In any legal action between Franchisor and Franchisee, the arbitrators or court shall not be precluded from making their or its own independent determination of the issues in question, notwithstanding the similarity of issues in any other legal action involving Franchisor and any other franchisee and each party waives the right to claim that a prior disposition of the same or similar issues precludes such independent determination.

C. Waiver of Jury Trial. FRANCHISOR AND FRANCHISEE IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER OF THEM AGAINST THE OTHER.

XXV. FORCE MAJEURE

If any party's performance of any obligation under this Agreement is prevented, hindered or delayed because of force majeure and not through any act or omission of such party, which cannot be overcome by use of normal commercial measures, the parties shall be relieved of their respective obligations to the extent the parties are respectively necessarily prevented, hindered or delayed in the performance of this Agreement during the period of force majeure. As used in this Agreement, the term "force majeure" shall mean any act of God, strike, lockout or other industrial disturbance, war (declared or undeclared), riot, epidemic, fire or other catastrophe, act of any government and any other similar cause not within the control of the affected party. The party whose performance is affected by an event of force majeure shall give prompt notice of the force majeure event to the other party setting forth the nature of the event, an estimate as to its duration and a plan for resuming compliance with this Agreement, which plan the party shall promptly undertake and maintain with due diligence. Notwithstanding the foregoing, Franchisor may, at its option, terminate this Agreement and all rights granted hereunder, effective immediately upon the provision of notice to Franchisee, if any force majeure event continues for longer than ninety (90) consecutive days.

XXVI. ACKNOWLEDGEMENTS

A. No Warranty. Franchisee acknowledges that it has conducted an independent investigation of the business licensed hereunder, and recognizes that the business venture contemplated by this Agreement involves substantial business risks and that its success will be largely dependent upon the ability of Franchisee as an independent business.

FRANCHISOR EXPRESSLY DISCLAIMS THE MAKING OF, AND FRANCHISEE ACKNOWLEDGES THAT IT HAS 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 OTHER THAN THE REPRESENTATIONS MADE BY FRANCHISOR IN THE DISCLOSURE DOCUMENT THAT WAS FURNISHED TO FRANCHISEE BY FRANCHISOR. FRANCHISEE ACKNOWLEDGES THAT FRANCHISOR'S APPROVAL OF THE PREMISES IN NO WAY CONSTITUTES A REPRESENTATION OR WARRANTY AS TO THE POTENTIAL SALES, PROFITS OR SUCCESS OF THE RESTAURANT.

B. Consultation. Franchisee acknowledges that it has received, read and understands this Agreement, the documents referred to herein and the Exhibits and attachments hereto, and that Franchisor has accorded Franchisee ample time and opportunity to consult with advisors of Franchisee's own choosing about the potential benefits and risks of entering into this Agreement.

C. Franchise Disclosure Document. Franchisee acknowledges that it timely received the Franchise Disclosure Document, and that it received this Agreement, the documents referred to herein and the Exhibits and attachments attached hereto, and agreements relating hereto, if any, at least fourteen (14) days prior to the date on which this Agreement is executed by Franchisee. Franchisee further acknowledges that Franchisee has read such Franchise Disclosure Document and understands its contents.

XXVII. OFFERING OF SECURITIES BY FRANCHISEE

In the event Franchisee shall attempt to raise or secure funds through the sale of securities, including, without limitation, limited partnership or joint venture offerings (which sale shall be subject to the provisions of Section XII. of this Agreement), Franchisee recognizing that the documents with respect thereto may reflect upon Franchisor, agrees to obtain the prior written consent of Franchisor with respect to any mention of Franchisor or description of Franchisor's System or Franchisee's relationship with Franchisor made in any documents to be utilized in connection with such offering, in addition to such other consents and approvals as are required hereunder. Franchisee agrees and recognizes that any offer of sale of its securities in violation of any applicable federal or state securities law or regulation, or Franchisee's failure to obtain Franchisor's written consent (which will not be unreasonably withheld) as provided above shall constitute a material default under this Agreement subject to the provisions of Section XIII. hereof.

XXVIII. GENERAL RELEASE AND COVENANT NOT TO SUE

Franchisee hereby releases Franchisor and its affiliates, and their respective shareholders, members, officers, directors, managers, agents and employees from any and all claims and causes of action, known or unknown, which may exist in favor of Franchisee or its affiliates or their respective shareholders, members, officers, directors, managers, agents or employees as of the date of this Agreement, other than any claims arising under the Franchise Rule promulgated by the Federal Trade Commission, as amended, or similar state laws or regulations. In addition, Franchisee covenants that Franchisee shall not file or pursue any legal action or complaint against any of the foregoing entities or persons with regard to any of the foregoing claims or causes of action released by Franchisee pursuant to this Section XXVIII.

[Signatures on following page.]

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Agreement on the day and year first above written.

FRANCHISOR:	**FRANCHISEE:**
GUTHRIE'S FRANCHISING, INC., an Alabama corporation By: ____________________ Print Name: ________________ Title: ____________________	If a corporation, partnership, limited liability company or other legal entity (Name of corporation, partnership, limited liability company or other legal entity) By: ____________________ Print Name: ________________ Title: ____________________ If Individual(s): ____________________ (Signature) ____________________ (Print Name)

EXHIBIT A

FRANCHISEE'S ORGANIZATION

1. **Operating Partner**. The name, home address and social security number of the Operating Partner is as follows: ______________________________
____
____
____
____.

2. **Form of Entity of Franchisee.**

(a) Corporation or Limited Liability Company. Franchisee was incorporated or formed on ________________, 20____, under the laws of the State of ____________. It has not conducted business under any name other than its legal name. The following is a list of all of Franchisee's officers and directors or managers as of ______________, 20____.

Name of Each Officer/Director/Manager	Position(s) Held

(b) Partnership. Franchisee is a [general] [limited] partnership formed on ____________________, 20____ under the laws of the State of ______________. It has not conducted business under any name other than its legal name. The following is a list of all of Franchisee's general partners as of ______________________, 20____.

Name of General Partner

____
____
____
____

3. **Owners**. Franchisee and each of its Owners represents and warrants that the following is a complete and accurate list of all Owners of Franchisee, including the full name, mailing address and social security number of each Owner, and fully describes the nature and extent of each Owner's interest in Franchisee. Franchisee, and each Owner as to his, her or its ownership interest, represents and warrants that each Owner is the sole and exclusive legal

beneficial owner of his, her or its ownership interest in Franchisee, free and clear of all liens, restrictions, agreements and encumbrances of any kind or nature, other than those required or permitted by this Agreement.

Owner's Name, Address and Social Security Number	Description of Interest
______________________________	______________
______________________________	______________
______________________________	______________
______________________________	______________
______________________________	______________

Submitted by Franchisee
on _________________, 20____.

____
(Name of corporation, partnership, limited liability company or other legal entity)

By: ______________________________
Print Name: ______________________________
Title: ______________________________

Accepted by Franchisor and made a part of the Franchise Agreement as of
_________________, 20____.

GUTHRIE'S FRANCHISING, INC.,
an Alabama corporation

By: ______________________________
Print Name: ______________________________
Title: ______________________________

Owners:

____
(Signature)

____
(Print Name)

____
(Signature)

____
(Print Name)

____
(Signature)

EXHIBIT B

GUARANTY AND ASSUMPTION OF OBLIGATIONS

THIS GUARANTY AND ASSUMPTION OF OBLIGATIONS (this "Guaranty") is given this ______ day of ________________, 20___, by each of the undersigned Owners (as defined in the Agreement).

In consideration of, and as an inducement to, the execution of that certain Franchise Agreement of even date herewith (as amended from time to time, the "Agreement") by and between Guthrie's Franchising, Inc., an Alabama corporation ("Franchisor"), and ______________ ("Franchisee"), each of the undersigned hereby personally and unconditionally: (1) guarantees to Franchisor, and its successors and assigns, for the term of the Agreement and thereafter as provided in the Agreement, that Franchisee shall punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement; and (2) shall personally be bound by, and personally liable for the breach of each and every provision in the Agreement, both monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities as set forth in the Agreement.

Each of the undersigned waives: (a) acceptance and notice of acceptance by Franchisor of the foregoing undertakings; (b) notice of demand for payment of any indebtedness or non-performance of any obligations hereby guaranteed; (c) protest and notice of default to any party with respect to the indebtedness or non-performance of any obligations hereby guaranteed; (d) any right he, she or it may have to require that an action be brought against Franchisee or any other person as a condition of liability; and (e) any and all other notices and legal or equitable defenses to which he, she or it may be entitled.

Each of the undersigned consents and agrees that: (i) his, her or its direct and immediate liability under this Guaranty shall be joint and several; (ii) he, she or it shall render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so; (iii) such liability shall not be contingent or conditioned upon pursuit by Franchisor of any remedies against Franchisee or any other person; and (iv) such liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which Franchisor may from time to time grant to Franchisee or to any other person, including without limitation the acceptance of any partial payment or performance or the compromise or release of any claims, none of which shall in any way modify or amend this Guaranty, which shall be continuing and irrevocable until satisfied in full.

Each of the undersigned consents and agrees that any claims he, she or it may have against Franchisee are, and will be, subordinate to this Guaranty.

The undersigned each hereby jointly and severally acknowledge and expressly agree to be individually bound by all of the covenants contained in Sections VIII., XII., XIII., XV. and XXIII. of the Agreement.

This Guaranty shall be governed by the laws of the State of Alabama. In the event of any conflict of law, the laws of the State of Alabama shall prevail, without regard to, and without giving effect to, the application of Alabama conflict of law rules.

IN WITNESS WHEREOF, each of the undersigned has hereunto signed this Guaranty and Assumption of Obligations on the same day and year as the Agreement was executed.

GUARANTOR(S)

____
(Signature)

____
(Print Name)

____
(Signature)

____
(Print Name)

____
(Signature)

____
(Print Name)

____
(Signature)

____
(Print Name)

EXHIBIT C

CURRENT BANK AUTHORIZATION FORM

I hereby authorize Guthrie's Franchising, Inc., an Alabama corporation (hereinafter, "Guthrie's") to initiate debit entries to my _____ Checking _____ Savings account indicated below at the depository named below (hereinafter, "DEPOSITORY") and authorize DEPOSITORY to debit the same to such account for amounts due Guthrie's pursuant to that certain Franchise Agreement, dated __________, 20__ by and between Guthrie's and the undersigned (the "Franchise Agreement").

DEPOSITORY (BANK) NAME: ____________________ BRANCH: ____________

ADDRESS: ____

CITY: ________________ STATE: ______________ ZIP: ____________

Bank/ABA#: ____________________ ACCOUNT#: __________________

This authorization shall remain in full force and effect for the entire term of the Franchise Agreement, including renewals thereof, unless upon ten (10) days written notice this authorization is subsequently replaced by the undersigned.

If a corporation, partnership, limited liability company or other legal entity

____

(Name of corporation, partnership, limited liability company or other legal entity)

By: ______________________
Print Name: _______________
Title: ____________________
Date: ____________________
Federal Identification Number:

____

If Individual(s):

____

(Signature)

____

(Print Name)

Date: _____________________
Social Security Number:

____

EXHIBIT D

FORM OF LEASE RIDER

RIDER AND SPECIAL STIPULATIONS

TO LEASE AGREEMENT DATED ____________________
BY AND BETWEEN

____________________________________, AS "LANDLORD"
AND

____________________________________, AS "TENANT" FOR THE DEMISED PREMISES ("PREMISES") DESCRIBED THEREIN

This Rider and Special Stipulations (this "Rider") and the provisions hereof are hereby incorporated into the body of the lease to which this Rider is attached (the "Lease"), and the provisions hereof shall be cumulative of those set forth in the Lease, but to the extent of any conflict between any provisions of this Rider and the provisions of the Lease, this Rider shall govern and control.

1. Consent to Collateral Assignment to Franchisor; Disclaimer. Landlord acknowledges that Tenant intends to operate a Guthrie's restaurant in the Premises and that Tenant's rights to operate a Guthrie's restaurant and to use the Guthrie's name, trademarks and service marks are solely pursuant to a franchise agreement ("Franchise Agreement") between Tenant and Guthrie's Franchising, Inc. ("Franchisor"). Tenant's operations at the Premises are independently owned and operated. Landlord acknowledges that Tenant alone is responsible for all obligations under the Lease unless and until Franchisor or another franchisee expressly assumes such obligations and takes actual possession of the Premises. Notwithstanding any provisions of this Lease to the contrary, Landlord hereby consents, without payment of a fee and without the need for further Landlord consent, to (a) the collateral assignment of Tenant's interest in this Lease to Franchisor to secure Tenant's obligations to Franchisor under the Franchise Agreement, and/or (b) Franchisor's succeeding to Tenant's interest in the Lease as a result of Franchisor's exercise of rights or remedies under such collateral assignment or as a result of Franchisor's termination of, or exercise of rights or remedies granted in or under, the Franchise Agreement or any other agreement between Franchisor and Tenant, and/or (c) Tenant's, Franchisor's and/or any other franchisee of Franchisor's assignment of the Lease to another franchisee of Franchisor with whom Franchisor has executed its then-standard franchise agreement. Landlord, Tenant and Franchisor agree and acknowledge that simultaneously with such assignment pursuant to the immediately preceding sentence, Franchisor shall be released from all liability under the Lease or otherwise accruing after the date of such assignment (in the event Franchisor is acting as the assignor under such assignment), but neither Tenant nor any other franchisee shall be afforded such release in the event Tenant/such franchisee is the assignor unless otherwise agreed by Landlord. Landlord further agrees that all unexercised renewal or extension rights shall not be terminated in the event of any assignment referenced herein, but shall inure to the benefit of the applicable assignee.

2. Use of Premises. Without limitation of uses permitted under the Lease, but in expansion

thereof, the Premises may be used for the purpose of conducting the business of a restaurant, specializing in the retail sale of golden fried chicken fingers and other authorized menu items and any other items sold in any of Franchisor's or its affiliate's or franchisees' other stores, and any other legal purpose.

3. Compliance of Premises With Applicable Law; Parking. Landlord represents and warrants that as of the date hereof the Premises are in compliance with all applicable law, including without limitation parking sufficient to comply with the use of the Premises as provided in paragraph 2 above. Tenant shall have the right to use parking spaces for its guests, invitees and employees in an amount at least sufficient to comply with applicable zoning and other laws. The use of the parking spaces is provided by Landlord to Tenant without additional charge.

4. Radius/Relocation. Any radius restrictions or relocation provisions found in the Lease are hereby deleted and of no further force or effect.

5. Tenant's Signage. Notwithstanding anything contained in the Lease to the contrary or in conflict, Landlord hereby grants and approves the following signage rights:

5.1. Landlord agrees to allow Tenant to use Franchisor's standard sign and awning package to the maximum extent permitted by local governmental authorities.

5.2 Tenant shall be provided with a panel on any pylon/monument/directory sign for the development in which the Premises is located, and shall be permitted to install a standard sign thereon as approved by Franchisor, including without limitation Franchisor's logo.

6. Notice and Cure Rights to Franchisor. Prior to exercising any remedies hereunder (except in the event of imminent danger to the Premises), Landlord shall give Franchisor written notice of any default by Tenant, and commencing upon receipt thereof by Franchisor, Franchisor shall have ten (10) additional days to the established cure period as is given to Tenant under the Lease for such default, provided that in no event shall Franchisor have a cure period of less than (i) ten (10) days after Franchisor's receipt of such notice as to monetary defaults or (ii) thirty (30) days after Franchisor's receipt of such notice as to non-monetary defaults. Landlord agrees to accept cure tendered by Franchisor as if the same was tendered by Tenant, but Franchisor has no obligation to cure such default. The initial address for notices to Franchisor is as follows:

GUTHRIE'S FRANCHISING, INC.
2320 Moore's Mill Road, Suite 600
Auburn, Alabama 36830
Attn: ____________________

7. Non-disturbance from Mortgage Lenders. Notwithstanding anything contained in the Lease to the contrary or in conflict, it shall be a condition of the Lease being subordinated to any mortgage, deed of trust, deed to secure debt or similar encumbrance on the Premises that the holder of such encumbrance agree not to disturb Tenant's rights under this Lease or Tenant's possession of the Premises, so long as Tenant is not in default of its obligations hereunder beyond an applicable grace or cure period provided herein (as may be extended from time to time pursuant to paragraph 6 immediately above).

CHECK THE FOLLOWING PARAGRAPH THAT APPLIES. CHECK ONLY ONE. IF NONE IS CHECKED, THEN CLAUSE A) BELOW WILL BE APPLICABLE, AND CLAUSE B) BELOW WILL BE DEEMED DELETED.

A) ☐ Landlord represents and warrants that on the date hereof no mortgage, deed of trust, deed to secure debt or similar encumbrance encumbers the Premises.

B) ☐ A mortgage, deed of trust or deed to secure debt currently encumbers the Premises. It is a condition precedent to Tenant's obligations under this Lease that the holder of such encumbrance enter into a written subordination and non-disturbance agreement with Tenant, in form acceptable to Franchisor.

8. Financing of Trade Fixtures by Franchisor and Security Interest. Any security interest and/or Landlord's lien in Tenant's trade fixtures, "trade dress", equipment and other personal property in the Premises is hereby subordinated to any security interest and pledge granted to Franchisor in such items. The parties acknowledge that there may be certain personal property in the Premises which are not owned by Tenant, which property shall not be subject to any lien of Landlord. Upon request, Landlord shall grant the party who owns such property reasonable access to the Premises for the sole purpose of removing such property, provided such party repairs any damage caused by such removal and otherwise complies with Landlord's reasonable requirements with respect to such access.

9. Tenant Approvals. Notwithstanding anything in the Lease to the contrary, if Tenant is unable to obtain licenses, building permits, signage permits, variances, subdivision approvals, special use permits and other governmental approvals necessary to construct and operate a Guthrie's restaurant within ninety (90) days after Landlord's approval of Tenant's build-out plans, Tenant may terminate this Lease by written notice to Landlord, effective as of the date of delivery of written notice to Landlord thereof and any remaining security deposit shall be returned to Tenant, and any rentals paid in advance shall be prorated accordingly.

10. Third Party Beneficiary. For so long as Franchisor holds a collateral assignment of the Lease, Franchisor is a third party beneficiary of the Lease, including, without limitation, this Rider, and as a result thereof, shall have all rights (but not the obligation) to enforce the same.

11. Franchisor Right to Enter. Landlord acknowledges that, under the Franchise Agreement, Franchisor or its appointee has the right to assume the management and operation of the Tenant's business, on Tenant's behalf, under certain circumstances (to-wit: while Franchisor evaluates its right to purchase the restaurant). Landlord agrees that Franchisor or its appointee may enter upon the Premises for purposes of assuming the management and operation of Tenant's restaurant as provided in the Franchise Agreement and, if it chooses to do so, it will do so in the name of the Tenant and without assuming any direct liability under the Lease. Further, upon the expiration or earlier termination of this Lease or the Franchise Agreement, Franchisor or its designee may enter upon the Premises for the purpose of removing all signs and other material bearing the Guthrie's name or trademarks, service marks, or other commercial symbols of Franchisor.

12. Amendments. Tenant agrees that the Lease may not be terminated, modified or amended without Franchisor's prior written consent, nor shall Landlord accept surrender of the Premises without Franchisor's prior written consent. Tenant agrees to promptly provide Franchisor with copies of all proposed modifications or amendments and true and correct copies of the signed modifications and amendments.

13. <u>Copy of Lease</u>. Landlord agrees to provide Franchisor with a copy of the fully-executed Lease within ten (10) days of its full execution by Landlord and Tenant, at the address set forth in paragraph 6 above.

14. <u>Counterparts</u>. This Rider may be executed in one or more counterparts, each of which shall cumulatively constitute an original. PDF/Faxed signatures of this Rider shall constitute originals of the same.

AGREED and executed and delivered under seal by the parties hereto as of the day and year of the Lease.

LANDLORD: ____________________	**TENANT:** ____________________
By: ____________________	By: ____________________
Name: ____________________	Name: ____________________
Title: ____________________	Title: ____________________
[CORPORATE SEAL]	[CORPORATE SEAL]

EXHIBIT E

ASSIGNMENT OF TELEPHONE NUMBERS AND LISTINGS

This Assignment is entered into this _____ day of ____________________, 20____ in accordance with the terms of that certain Franchise Agreement, dated ____________, 20__ (the "Franchise Agreement") between ______________________________ ("Franchisee") and Guthrie's Franchising, Inc., an Alabama corporation ("Franchisor"), under which Franchisor granted Franchisee the right to own and operate a Guthrie's restaurant located at ____ (the "Restaurant").

For Value Received, Franchisee hereby assigns to Franchisor, all of the right, title and interest in and to those certain telephone numbers listed on Annex 1 attached hereto and any and all regular, classified or other telephone directory listings (collectively, the "Telephone Numbers and Listings") associated with Franchisor's trademarks and service marks and used from time to time in connection with the operation of the Restaurant at the address provided above. Except as specified herein, Franchisor shall have no liability or obligation of any kind whatsoever arising from or in connection with this Agreement, unless Franchisor shall notify the applicable telephone company and/or the listing agencies with which Franchisee has placed telephone directory listings to effectuate the assignment pursuant to the terms thereof.

FRANCHISOR:	**FRANCHISEE:**
GUTHRIE'S FRANCHISING, INC., an Alabama corporation By: ____________________ Print Name: ____________________ Title: ____________________	If a corporation, partnership, limited liability company or other legal entity (Name of corporation, partnership, limited liability company or other legal entity) By: ____________________ Print Name: ____________________ Title: ____________________ If Individual(s): ____________________ (Signature) ____________________ (Print Name)

Annex 1

Telephone Numbers:

EXHIBIT B

AREA DEVELOPMENT AGREEMENT

(See attached)

16440847

GUTHRIE'S FRANCHISING, INC.

AREA DEVELOPMENT AGREEMENT

TABLE OF CONTENTS

GUTHRIE'S FRANCHISING, INC.

AREA DEVELOPMENT AGREEMENT

This Area Development Agreement (this "Agreement" or this "Area Development Agreement") is made and entered into as of this ______ day of ________________, 20____, by and between Guthrie's Franchising, Inc., an Alabama corporation with its principal place of business at 2320 Moore's Mill Road, Suite 600, Auburn, Alabama 36830 (hereinafter referred to as "Franchisor"), and ____________________________, a ______________ with an address at _____________ (hereinafter referred to as "Developer").

RECITALS:

WHEREAS, Franchisor has acquired the right to develop and as the result of the expenditure of time, skill, effort and money has developed and owns a unique system (the "System") relating to the development, opening and operation of restaurants specializing in the preparation and sale of golden fried chicken fingers and other authorized menu items and has established, and continues to establish, a reputation, demand and goodwill for such System under the name "Guthrie's," the distinguishing characteristics of which System include, without limitation, the Proprietary Marks (as defined below); distinctive exterior and interior design, color scheme, layout, furnishings and trade dress; uniform standards and specifications for equipment, equipment layout, supplies and menus (including food and beverage designations, special recipes, formulas, and quality and quantity standards); training and assistance; operating procedures for sanitation, maintenance and food and beverage storage, preparation and service; and methods and techniques for inventory and cost controls, record keeping and reporting, purchasing, sales promotion and advertising; and other business practices and policies; all of which may be changed, improved and further developed by Franchisor from time to time;

WHEREAS, Franchisor has the right to license certain trade names, service marks and trademarks, including but not limited to, "Guthrie's" and such other trade dress, trade names, service marks, product designations and trademarks as may be part of the System from time to time (collectively, the "Proprietary Marks");

WHEREAS, Franchisor continues to develop, use and control such Proprietary Marks for the benefit and exclusive use of Franchisor and its area developers and franchisees in order to identify for the public the source of goods and services marketed thereunder the System, and to represent the System's high standards of quality, appearance and service; and

WHEREAS, Developer understands and acknowledges the importance of Franchisor's System and its high and uniform standards of quality, cleanliness, appearance and service and the necessity of opening and operating Guthrie's restaurants in conformity with Franchisor's standards and specifications; and

WHEREAS, Developer acknowledges that he, she or it has experience and skills other than the experience and skills that would be obtained pursuant to this Agreement.

NOW, THEREFORE, the parties, in consideration of the premises and the covenants, undertakings and commitments of each party to the other party set forth herein, hereby mutually agree as follows:

I. GRANT

A. Franchisor hereby grants to Developer, pursuant to the terms and conditions of this Area Development Agreement, the exclusive right to develop ________ (___) Guthrie's restaurants (collectively, the "Restaurants") within the territory set forth in Exhibit A (the "Development Area").

B. During the term of this Area Development Agreement, except as otherwise provided in this Agreement, Franchisor shall not, without Developer's prior written consent, establish, or license anyone other than Developer the right to establish, a Guthrie's restaurant under the System, whether company-owned or franchised, within the Development Area.

C. Notwithstanding anything to the contrary herein, Franchisor retains the right, among others, on any terms and conditions Franchisor deems advisable, and without granting Developer any rights therein:

1. to own, acquire, establish and/or operate and license to others the right to establish and operate, Guthrie's restaurants under the System at any location outside the Development Area notwithstanding their proximity to the Development Area or their actual or threatened impact on sales or development of any of the Restaurants;

2. to own, acquire, establish and/or operate and license to others the right to establish and operate, non-restaurant businesses under the Proprietary Marks, at any location within or outside the Development Area;

3. to own, acquire, establish and/or operate and license to others the right to establish and operate, businesses under proprietary marks other than the Proprietary Marks, whether such businesses are similar or different from restaurants under the System and whether such proprietary marks are similar to the Proprietary Marks, at any location within or outside the Development Area notwithstanding their proximity to the Development Area or their actual or threatened impact on sales or development of any of the Restaurants;

4. to own, acquire, establish and/or operate and license to others the right to establish and operate, Guthrie's restaurants under the Proprietary Marks at Non-Traditional Sites (as defined below) at any location within or outside the Development Area;

5. to sell and/or distribute, directly or indirectly, and license to others the right to sell and/or distribute, directly or indirectly, any products through grocery or convenience stores or through outlets that are primarily wholesale or retail in nature, or through mail order, toll free numbers, or the Internet, including products bearing the Proprietary Marks, provided that distribution within the Development Area shall not be from a Guthrie's restaurant established under the System that is operated from within the Development Area (except from a restaurant at a Non-Traditional Site); and

6. to acquire and operate (or be acquired by) a business operating one or more restaurants or food service businesses located or operating within the Development Area.

D. This Agreement is not a franchise agreement, and Developer shall have no right to use in any manner the Proprietary Marks by virtue hereof.

E. Developer shall have no right under this Agreement to license any of the rights granted to Developer hereunder to others.

F. This Agreement is not subject to renewal.

As used in this Agreement, "Non-Traditional Site" shall mean a food court, convention center, airport, train station, subway or other transportation facility, car or truck rest stop or travel center, hotel, college or other school, sports stadium, theme park, hospital, military base or other government office, other captive audience, limited purpose or limited access facilities or any such other location that Franchisor determines, in its sole discretion, to be non-traditional as a location for a Guthrie's restaurant.

II. DEVELOPMENT FEE

Developer shall pay to Franchisor upon execution of this Agreement the development fee set forth in Exhibit A (the "Development Fee"), with certified funds or by cashier's check, which Development Fee shall be non-refundable and fully earned by Franchisor upon execution of this Agreement. The Development Fee includes a portion of the initial franchise fee (the "Franchise Fee") due pursuant to each franchise agreement for each franchise for a Restaurant to be granted hereunder (each, a "Franchise Agreement" and, collectively, the "Franchise Agreements") as set forth in Exhibit A. The balance of the Franchise Fee owed with respect to each Restaurant shall be due and payable upon execution of the applicable Franchise Agreement. Developer shall have no right to recover from Franchisor, directly or indirectly, any of the fees which are paid pursuant to this Section II.

III. DEVELOPMENT SCHEDULE

A. Developer must have open and operating in the Development Area, in accordance with and pursuant to Franchise Agreements, that cumulative number of Restaurants set forth in Exhibit A by the corresponding date set forth therein ("Development Schedule"). Time is of the essence of this Agreement and, except as set forth in Section III.B. below, Franchisor has no obligation under any circumstances to extend the Development Schedule in any instance. Developer hereby acknowledges that its timely development of the Restaurants in the Development Area in accordance with Development Schedule is of material importance to Franchisor and Developer agrees, as a condition to the continuance of the rights granted hereunder, to develop and construct the Restaurants within the Development Area in accordance with the Development Schedule, to operate each such Restaurant pursuant to the terms of the applicable Franchise Agreement and to maintain all such Restaurants in operation during the term of this Agreement.

B. For purposes of compliance with the Development Schedule and Section III.A. above, Developer will have a "Compliance Month Bank" which will provide credit for Restaurants that are opened by Developer prior to the date specified on the Development Schedule, and will allow for the opening of a Restaurant after the date specified on the Development Schedule without placing Developer in default of this Agreement, on the terms set forth in this Section III.B. Developer will begin with a balance in the Compliance Month Bank of the number of months set forth on Exhibit A. If Developer opens a Restaurant before the date specified on the

Development Schedule with respect to any Restaurant (and has otherwise maintained the specified number of Restaurants as specified on the Development Schedule, and is not in default under this Agreement or any Franchise Agreement), the balance in the Compliance Month Bank will be increased by one (1) unit for each full month by which the actual opening date preceded the date specified on the Development Schedule. If Developer opens a Restaurant after the date specified on the Development Schedule, Developer will be entitled to an extension of the opening date, without being in default under this Agreement, for the number of months equal to or less than the then-current balance in the Compliance Month Bank and, upon opening of the Restaurant, the balance in the Compliance Month Bank will be reduced by the number of months or partial months between the date specified on the Development Schedule and the actual opening date of the Restaurant. For avoidance of doubt, the failure to open a Restaurant by the date set forth in the Development Schedule (as extended by the amount of any units then remaining in the Compliance Month Bank) shall constitute a default under this Agreement.

C. Prior to the acquisition by lease or purchase of any site for a Restaurant in the Development Area, Developer shall submit to Franchisor, in the form specified by Franchisor, a description of the site and such other information or materials as Franchisor may reasonably require, together with a letter of intent or other evidence satisfactory to Franchisor which confirms Developer's favorable prospects for obtaining the site. Franchisor shall have thirty (30) days after receipt of Developer's complete information regarding the prospective site to approve or disapprove, in its sole discretion, the proposed site for the Restaurant, and during which time Franchisor will counsel and assist Developer in evaluating the prospective site. In the event Franchisor does not approve a proposed site by written notice to Developer within said thirty (30) day period, such site shall be deemed disapproved by Franchisor. No site shall be deemed approved unless it has been expressly approved in writing by Franchisor. Within thirty (30) days after the site has been approved by Franchisor, Developer shall execute a Franchise Agreement relating to the site, and a binding agreement to purchase or a binding lease agreement for the site. The Franchise Agreement shall be the standard form of franchise agreement then being utilized by Franchisor; provided, however, so long as Developer is in compliance with this Agreement and each Franchise Agreement then in effect, (1) the Franchise Fee shall be as set forth on Exhibit A, (2) the initial term of each Franchise Agreement shall be ten (10) years with an option to renew the franchise for one additional period of ten (10) years (upon satisfaction of the conditions set forth therein), (3) neither the geographic scope nor the length of time of the post-termination covenant not to compete in any Franchise Agreement shall be increased from that which is set forth in the Franchise Agreement executed by Developer for the first Restaurant developed hereunder, and (4) no material change in the termination provisions of a Franchise Agreement shall be made from those set forth in the Franchise Agreement executed by Developer for the first Restaurant developed hereunder. In the event Franchisor does not receive the properly executed Franchise Agreement within the thirty (30) day period, Franchisor's approval of the site shall be void.

D. Developer acknowledges that no officer, employee or agent of Franchisor has any authority to approve or accept any proposed site except by written acceptance on Franchisor's Site Acceptance Form and any other representations, approvals or acceptance, whether oral or written, shall be void and of no effect. Developer further acknowledges that Franchisor's acceptance of said site does not constitute any representation, warranty or guarantee by Franchisor that said site will be a successful location for a Restaurant.

E. Franchisor reserves the right to revoke any site approval if Developer fails to begin construction in accordance with Franchisor's approved plans and specifications within three (3) months after the date of the applicable Franchise Agreement.

F. Franchisor shall have no duty to assist Developer in locating sites, but rather, its obligation is limited solely to counseling and assistance in evaluating prospective sites for the Restaurant submitted by Developer. Franchisor shall make inspection trips as reasonably required in Franchisor's discretion to review proposed sites for a Restaurant listed on the Development Schedule; provided, however, that for each visit after the second visit to any one Restaurant site, Franchisor shall have the right, at its option, to charge Developer a fee for such site visit(s) to Developer's selected site(s) for purposes of approving the Restaurant site. This fee shall equal $150.00 an hour plus any expenses incurred by Franchisor.

IV. TERM

A. Unless sooner terminated in accordance with the terms of this Agreement, the term of this Agreement and all rights granted to Developer hereunder shall automatically expire on the date the last Restaurant to be constructed pursuant to the Development Schedule is required to be opened for business in accordance with the Development Schedule.

B. Right of First Refusal. If at any time within twenty-four (24) months after the expiration of this Agreement, Franchisor determines that it is desirable to operate or license to another the right to operate one or more additional Restaurants in the Development Area, and provided Developer has timely complied with the Development Schedule and is then in compliance with all terms and conditions of all Franchise Agreements with Franchisor, Franchisor shall provide Developer with written notice of such development rights and Developer shall have a right of first refusal to obtain the development rights to such additional Restaurants. Developer must notify Franchisor in writing within thirty (30) days of the receipt of such notice whether it wishes to acquire the development rights to all, but not less than all, of such additional Restaurants. If Developer exercises its right of first refusal, Developer agrees to comply with the development schedule determined by Franchisor for such additional Restaurants. If Developer does not exercise this right of first refusal, Franchisor may, within one hundred eighty (180) days from the expiration of such 30-day period, grant the development rights to any other person or persons on substantially the same terms and conditions or Franchisor may itself elect to develop and construct any such Restaurants in the Development Area. Further, in the event Developer fails or refuses to exercise its right of first refusal with respect to any particular offer, Franchisor shall no longer be obligated to offer and Developer shall no longer be entitled to any right of first refusal hereunder. Notwithstanding anything to the contrary set forth herein, Developer shall not have the right to exercise the right of first refusal described herein if this Agreement is terminated pursuant to Section VI. hereof.

V. DUTIES OF THE PARTIES

A. Franchisor shall furnish to Developer the following:

1. Site selection counseling and assistance, and such on-site evaluation as Franchisor may deem advisable as part of its evaluation of Developer's requests for site approvals. If on-site evaluation is deemed necessary and appropriate by Franchisor (on its own initiative or at Developer's request), such on-site evaluation shall be provided to

Developer upon such terms and subject to such conditions as specified in Section III above.

2. Standard plans and specifications to be utilized in the construction of a Guthrie's Restaurant, including its standard building plans or general plans for interior design and layout, fixtures, furnishings, signs and equipment. Such further architectural and engineering services as may be required to adapt the standard plans and specifications to applicable local or state laws, regulations or ordinances or to prepare modifications from the standard plans shall be obtained by Developer at its expense.

B. Developer shall comply with all terms and conditions set forth in this Agreement and the Franchise Agreements. Developer accepts the following obligations:

1. Developer shall, at its expense, prepare and submit to Franchisor such reports, records, financial statements and other information and data as Franchisor may reasonably designate, which shall be prepared in the form and using the standard statements and chart of accounts as Franchisor may prescribe from time to time and which may be in addition to any reports required under any Franchise Agreement.

2. Developer shall maintain during the term of this Agreement, and shall preserve for at least seven (7) years from the dates of their preparation, and shall make available to Franchisor at Franchisor's request and at Developer's expense, full, complete and accurate books, records and accounts of Developer prepared in accordance with generally accepted accounting principles.

3. Developer shall not, during the term of this Agreement or thereafter, communicate, divulge, or use for the benefit of any other person, persons, partnership, association, corporation or other entity any Confidential Information (as defined below), knowledge or know-how concerning the System or the construction, development and methods of operation of the business operated hereunder which may be communicated to Developer, or of which Developer may be apprised, by virtue of Developer's operation under the terms of this Agreement. Developer shall divulge such Confidential Information only to such of its employees and agents as must have access to it in order to perform Developer's obligations under this Agreement. Any and all information, knowledge and know-how which Franchisor designates as confidential or that by its nature would reasonably be expected to be held in confidence shall be deemed confidential for purposes of this Agreement, except information which Developer can demonstrate came to its attention prior to disclosure thereof by Franchisor; or which, at the time of disclosure by Franchisor to Developer, had become a part of the public domain, through publication or communication by others; or which, after disclosure to Developer by Franchisor, becomes a part of the public domain, through publication or communication by others (and not by Developer). Developer shall not at any time, without Franchisor's prior written consent, copy, duplicate, record or otherwise reproduce such Confidential Information, in whole or in part, nor otherwise make the same available to any unauthorized person. Developer acknowledges that any unauthorized use or disclosure of any Confidential Information will cause irreparable injury to Franchisor. Developer and Franchisor agree that the restrictions contained in this Section V.B.III. will remain in effect with respect to Confidential Information for five (5) years following termination or expiration of this Agreement for any reason; provided, however, if the Confidential Information rises to the level of a trade secret under

applicable law, then such restriction shall remain in effect until such time as the information does not constitute a trade secret. The provisions of this Section V.B.III. Shall bind each of the Owners and their Immediate Families. "Confidential Information" means any proprietary or confidential information relating to Franchisor or any of its affiliates, the System or the operation of Guthrie's restaurants, including without limitation, (1) proprietary products, ingredients, recipes, formulas, materials, equipment and methods of preparation and presentation of certain food products, (2) site evaluation criteria for Guthrie's restaurants, and plans and specifications for the construction and development of Guthrie's restaurants, (3) sales, marketing and advertising programs and techniques for Guthrie's restaurants, (4) knowledge of, specifications for and suppliers of certain food products, materials, supplies and equipment, (5) knowledge of operating results and financial performance of Guthrie's restaurants other than Developer's Restaurants, and (6) methods of inventory control.

4. Developer shall comply with all requirements of federal, state and local laws, rules and regulations, and shall timely obtain any and all permits, certificates and licenses necessary for the full and proper conduct of its business.

5. Developer shall notify Franchisor in writing within five (5) days of the commencement of any action, suit or proceeding or the issuance of any order, writ, injunction, award or decree of any court, agency or other governmental instrumentality which may adversely affect the operation or financial condition of Developer and/or any Restaurant established under this Agreement.

VI. DEFAULT

A. The territorial exclusivity granted to Developer in this Agreement has been granted in reliance on Developer's representations and assurances, among others, that the conditions set forth in this Area Development Agreement will be met by Developer in a timely manner.

B. Developer shall be deemed in default under this Agreement, and all rights granted herein (including but not limited to, the right to develop new Restaurants) shall automatically terminate without notice to Developer, if Developer (or, if Developer is a corporation, an officer or director of or a shareholder in Developer or an entity affiliated with Developer; if Developer is a partnership, a general or limited partner of Developer or an entity affiliated with Developer; or if Developer is a limited liability company, a manager of or a member in Developer or an entity affiliated with Developer) is adjudicated a bankrupt, becomes insolvent, suffers permanent or temporary court-appointed receivership of substantially all of its property, makes a general assignment for the benefit of creditors or suffers the filing of a voluntary or involuntary bankruptcy petition which is not dismissed within thirty (30) days after filing.

C. Developer shall be deemed to be in default of and Franchisor may, at its option, terminate this Agreement and all rights granted hereunder (including but not limited to, the right to develop new Restaurants), without affording Developer any opportunity to cure the default, effective immediately upon the provision of notice to Developer, upon the occurrence of any of the following:

1. If the Franchise Agreement for any Restaurant operated by Developer (or an entity affiliated with Developer) is terminated.

2. If Developer (or, if Developer is a corporation, an officer or director of or a shareholder in Developer or an entity affiliated with Developer; if Developer is a partnership, a general or limited partner of Developer or an entity affiliated with Developer; or if Developer is a limited liability company, a manager of or a member in Developer or an entity affiliated with Developer) is convicted of or pleads no contest to a felony, a crime involving moral turpitude, or any other crime or offense, or commits any act that Franchisor believes is reasonably believes may adversely affect the System, the Proprietary Marks, the goodwill associated therewith, or Franchisor's interest therein.

3. If Developer (or, if Developer is a corporation, an officer or director of or a shareholder in Developer or an entity affiliated with Developer; if Developer is a partnership, a general or limited partner of Developer or an entity affiliated with Developer; or if Developer is a limited liability company, a manager of or a member in Developer or an entity affiliated with Developer) (i) misuses or makes an unauthorized use of or misappropriates any Proprietary Mark or otherwise materially impairs the goodwill associated therewith or Franchisor's rights therein, (ii) challenges Franchisor's ownership of any Proprietary Mark, or (iii) files a lawsuit involving any Proprietary Mark without Franchisor's consent.

4. If Developer (or, if Developer is a corporation, an officer or director of or a shareholder in Developer or an entity affiliated with Developer; if Developer is a partnership, a general or limited partner of Developer or an entity affiliated with Developer; or if Developer is a limited liability company, a manager of or a member in Developer or an entity affiliated with Developer) makes or has made any misrepresentation, misstatement or omission to Franchisor in connection with obtaining this Agreement (including, without limitation, any information or documentation provided to Franchisor prior to the execution of this Agreement), any site approval hereunder or any Franchise Agreement or in connection with any other information provided pursuant to this Agreement.

5. If Developer purports to transfer any rights or obligations under this Agreement or any interest in this Agreement or in Developer in a manner that is contrary to the terms of this Agreement.

6. If Developer, its Owners or any of the other restricted parties fails to comply with the in-term covenants set forth in Section VIII. hereof.

7. If Developer, its Owners or any of the other restricted parties discloses or divulges any trade secrets or Confidential Information provided to Developer hereunder, contrary to Section V.B.III. hereof.

8. If an approved transfer is not effected within a reasonable time following Developer's death, permanent incapacity or dissolution as required by Section VII.G. hereof.

9. If Developer is in default as provided in Section VI.D. of this Agreement and has received one (1) or more prior notices of default pursuant to Section VI.D. hereof for any default during any preceding twelve (12) month period.

10. If Developer fails, refuses, or neglects promptly to pay any monies owing to Franchisor or its affiliates when due (including interest as provided for herein) and Developer does not correct such failure within ten (10) days after written notice thereof is delivered to Developer; in the event of default in the payment of any monies due from Developer to Franchisor or its affiliates Developer agrees to pay all reasonable attorney's fee incurred by Franchisor in the collection of such amounts.

11. If Developer fails to meet the Development Schedule, provided that Franchisor shall, for one (1) failure by Developer to meet a deadline under the Development Schedule, provide Developer with a reasonable opportunity to cure such default by notifying Developer in writing of a new date for the deadline under the Development Schedule (without change to any other deadline in the Development Schedule). For purposes of clarification, if Developer fails to come into compliance with the Development Schedule by such new deadline, and/or upon the occurrence of any other failure to meet a deadline under the Development Schedule, Franchisor may terminate this Agreement and all rights granted hereunder effectively immediately upon the provision of notice to Developer.

D. Except as provided in Sections VI.B. and C. of this Agreement, Developer shall have thirty (30) days after its receipt from Franchisor of a written notice of termination within which to remedy any default hereunder and provide evidence thereof to Franchisor. If any such default is not cured within the thirty (30) day period, this Agreement shall terminate without further notice to Developer effective immediately upon the expiration of the thirty (30) day period. Developer shall be in default hereunder for any failure to comply with any of the requirements imposed by this Agreement or to carry out the terms of this Agreement in good faith.

E. Franchisor, in its discretion, may elect, in lieu of terminating this Agreement, to use other remedial measures for Developer's breach of this Agreement, which include, but are not limited to:

1. Terminate the territorial exclusivity granted to Developer hereunder or reduce the Development Area granted to Developer or the number of Restaurants to be developed by Developer hereunder;

2. Develop the Development Area itself or license to others the right to establish Restaurants in the Development Area, except as may otherwise be provided under any Franchise Agreement which has been executed between Franchisor and Developer.

F. Upon termination of this Agreement, Developer shall have no right to establish or operate any Restaurants for which a Franchise Agreement has not been executed by Franchisor. Franchisor shall be entitled to establish and to license to others the right to establish Restaurants in the Development Area, except as may be otherwise provided under any Franchise Agreement which has been executed between Franchisor and Developer. No default under this Area Development Agreement shall be deemed a default under any Franchise

Agreement between the parties hereto; provided that, for the avoidance of doubt, the subject matter of such default may separately constitute a default under the terms of any such Franchise Agreement.

G. No right or remedy herein conferred upon or reserved to Franchisor is exclusive of any other right or remedy provided or permitted by law or equity. Nothing herein contained shall bar Franchisor's right to obtain injunctive relief against threatened conduct that may cause it loss or damages, under the usual equity rules, including the applicable rules of obtaining restraining orders and preliminary injunctions.

VII. TRANSFERABILITY

A. Franchisor shall have the right to transfer or assign all or any part of its rights or obligations herein to any person or legal entity, and any assignee of Franchisor shall become solely responsible for all obligations of Franchisor under this Agreement from the date of any such assignment. In addition, and without limitation to the foregoing, Developer expressly affirms and agrees that Franchisor may, at any time, sell its assets, its Proprietary Marks, or the System; may sell its securities in a public offering or in a private placement; may merge with or acquire other legal entities or be acquired by another legal entity; and may undertake a refinancing, recapitalization, leveraged buy-out, or other economic or financial restructuring.

B. Developer understands and acknowledges that the rights and duties set forth in this Area Development Agreement are personal to Developer and are granted in reliance upon Developer's business skill and financial capacity. Developer has represented to Franchisor that Developer is entering into this Area Development Agreement with the intention of complying with its terms and conditions and not for the purpose of resale of the developmental rights hereunder. Accordingly, neither Developer nor any person or entity which has a direct or indirect legal or beneficial interest in Developer ("Owner") shall sell, assign, transfer, convey, give away, pledge, mortgage or otherwise encumber any interest in Developer or this Area Development Agreement or any rights granted hereunder without the prior written consent of Franchisor. Developer agrees that any attempt to assign or transfer any interest in Developer or in this Agreement or any rights granted hereunder or any purported assignment or transfer, by operation of law or otherwise, without Franchisor's prior written consent shall be null and void and shall be deemed an event of default of this Agreement, for which Franchisor may then terminate without opportunity to cure pursuant to Section VI.C. of this Agreement.

C. Franchisor shall not unreasonably withhold its consent to a transfer of any interest in Developer, this Agreement or any rights granted hereunder, subject to the right of first refusal provided in Section VII.F. hereof; provided, however, that prior to the time of transfer, Franchisor may, in its sole discretion, require that:

1. all of Developer's accrued monetary obligations to Franchisor and its affiliates and all other outstanding obligations related to this Agreement shall have been satisfied;

2. except to the extent limited or prohibited by applicable law, Developer and its Owners must execute a general release, in form and substance prescribed by Franchisor, of any and all claims against Franchisor and its affiliates and their respective shareholders, members, officers, directors, managers, employees, agents, attorneys, accountants, successors and assigns;

3. the transferee shall enter into a written assignment, under seal, and in a form satisfactory to Franchisor, assuming and agreeing to discharge all of Developer's obligations under this Agreement;

4. the transferee shall demonstrate to Franchisor's satisfaction that it meets Franchisor's managerial and business standards; possesses a good moral character, business reputation and credit rating; has the aptitude and ability to conduct the business to be operated hereunder (as may be evidenced by prior related business experience or otherwise); and has adequate financial resources and capital to operate the business;

5. the transferee shall execute (and/or, upon Franchisor's request, cause all interested parties to execute) such then-current standard form of area development agreement and any other ancillary agreements as Franchisor may require for the Restaurants to be developed hereunder for a term ending on the date of expiration of this Agreement;

6. at the transferee's expense and upon such other terms and conditions as Franchisor may reasonably require, the transferee (or its operating partner) or the transferee's manager shall complete the training course then in effect for franchisees of Franchisor;

7. if Developer (or any of its Owners) finances any part of the sales price of the transferred interest, Developer and/or its Owners must agree that all obligations of the transferee, and security interests reserved by any of them in the assets of the business of Developer, shall be subordinate to the transferee's obligations to pay all amounts due to Franchisor, and to otherwise comply with this Agreement or the new area development agreement executed by the transferee; and

8. except in the case of a transfer to a corporation formed solely for the convenience of ownership pursuant to Section VII.D. hereof, or in the event of a transfer upon Developer's or any Owner's death, permanent incapacity or dissolution pursuant to Section VII.G. of this Agreement, a transfer fee in the amount of Ten Thousand Dollars ($10,000.00) shall have been paid by Developer or the applicable transferor to Franchisor, which the parties agree is reasonable, to cover Franchisor's administrative and other expenses in connection with the transfer.

Franchisor's approval of a transfer shall not constitute (a) a representation by Franchisor as to the fairness of the terms of any agreement or arrangement between Developer or its Owners and the transferee or as to the prospects of success of the business of Developer as operated by the transferee, or (b) a waiver of any claims by Franchisor against Developer or its Owners or a waiver of Franchisor's right to demand the transferee's exact compliance with this Agreement.

D. <u>Transfer to Developer's Corporation or Other Legal Entity</u>. In the event the proposed transfer is to a corporation or other legal entity formed solely for the convenience of ownership, Franchisor's consent to such transfer may, in its sole discretion, be conditioned on the following additional requirements:

1. the entity shall be newly organized and its charter shall provide that its activities are confined exclusively to operating the business hereunder;

2. Developer shall not diminish his, her or its proportionate ownership interest in the transferee, except as may be required by law, and shall act as its principal executive officer;

3. each certificate of ownership of the new entity shall have conspicuously endorsed upon its face a statement in a form satisfactory to Franchisor that it is held subject to, and that further assignment or transfer thereof is subject to, all restrictions imposed upon assignments by this Agreement; and

4. copies of the transferee's articles of incorporation or organization (or equivalent), by-laws, partnership agreement or operating agreement (or equivalent) and other governing documents, including the resolutions of the board of directors, partners or managers authorizing entry into this Agreement, shall be promptly furnished to Franchisor.

E. Transfer and Issuance of Securities. If Developer is a corporation, partnership or limited liability company, it shall maintain stop transfer instructions against the transfer on its records of any securities with voting rights subject to the restrictions of this Section VII., and shall issue no such securities upon the face of which the following printed legend does not legibly and conspicuously appear:

"The transfer of these equity securities is subject to the terms and conditions of an Area Development Agreement with Guthrie's Franchising, Inc. Reference is made to the provisions of said Area Development Agreement."

F. Franchisor's Right of First Refusal. If Developer or any Owner desires to accept any bona fide offer to purchase his, her or its interest in Developer, this Agreement or any rights granted hereunder from a third party, Developer or such Owner (as applicable) shall notify Franchisor in writing of each such offer (which notice shall include a complete and accurate copy of such offer), and Franchisor shall have the right and option, exercisable within thirty (30) days after receipt of such written notification, to send written notice to Developer or such Owner (as applicable) that Franchisor or its nominee intends to purchase the transferor's interest on the same terms and conditions offered by the third party. Any material change in the terms of any offer prior to closing, or failure to close such transfer within ninety (90) days after delivery of such offer to Franchisor, shall constitute a new offer subject to the same rights of first refusal by Franchisor or its nominee as in the case of an initial offer. Failure of Franchisor to exercise the option afforded by this Section VII.F. shall not constitute a waiver of any other provision of this Agreement, including all of the requirements of this Section VII.F., with respect to a proposed transfer or any subsequent transfer.

G. Transfer Upon Death or Permanent Incapacity. Upon the death or permanent incapacity of Developer or any Owner or upon the dissolution of Developer if it is a corporation, partnership, limited liability company or other entity, the executor, administrator, personal representative or trustee of such person or entity shall transfer his, her or its interest in Developer or in this Agreement or any rights granted hereunder to a third party approved by Franchisor within a reasonable time not to exceed nine (9) months after the date of such death, incapacity or dissolution. Such transfers, including without limitation, transfers by devise or inheritance, shall be subject to the same terms and conditions for any inter vivos transfer contained in this Agreement.

VIII. COVENANTS

A. In-Term Covenants. During the term of this Agreement, neither Developer nor any of its Owners shall, either directly or indirectly (including without limitation, through his, her, its or their spouse, parents, brothers, sisters and children, whether natural or adopted ("Immediate Families")), for himself, herself or itself, or through, on behalf of, or in conjunction with any person or entity:

1. divert or attempt to divert any business or customer of any Restaurant to any Competitive Business (as defined below), 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 the Proprietary Marks or the System;

2. employ or seek to employ any person who is at that time employed by Franchisor or by any other franchisee of Franchisor, or otherwise directly or indirectly induce such person to leave his or her employment thereat; or

3. own, maintain, engage in, have any legal or beneficial interest in or render services or give advice to any (a) Competitive Business located anywhere, or (b) any entity located anywhere which grants franchises or licenses to operate any Competitive Business.

B. Post Term Covenants. Developer covenants that for a period of twenty-four (24) months after the expiration or termination of this Agreement, regardless of the cause of termination, neither Developer nor any of its Owners shall, directly or indirectly (including without limitation, through his, her, its or their Immediate Families), own, maintain, engage in, have any legal or beneficial interest in or render services or give advice to (1) any Competitive Business operating in the Development Area, (2) any Competitive Business operating within a radius of three (3) miles of any Guthrie's restaurant in operation or under construction on the effective date of termination or expiration of this Agreement; or (3) any entity which grants franchises, licenses or other interests to others to operate any Competitive Business.

"Competitive Business" means any business operating, or granting franchises or licenses to others to operate, a restaurant or other food service business engaged in the retail sale of any fried chicken fingers or any other fried chicken food items.

The foregoing in-term and post-term restrictions shall be inapplicable to (a) the ownership of shares of a class of securities listed on a stock exchange or traded on the over-the-counter market that represent less than five percent (5%) of the number of shares of that class of securities issued and outstanding, and (b) the ownership and operation of any other Guthrie's restaurant by Developer under a franchise agreement with Franchisor.

C. Franchisor's Right to Reduce Scope of Covenant. Developer understands and acknowledges that Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in Section VIII.A. or B. of this Agreement, or any portion thereof, effective immediately upon receipt by Developer of written notice thereof, and Developer agrees that it shall comply forthwith with any covenant as so modified, which shall be fully enforceable notwithstanding the provisions of Section XIV. hereof.

IX. NOTICES

Any and all notices required or permitted under this Agreement shall be in writing and shall be personally delivered, mailed, postage prepaid, sent by e-mail (with a confirmation of transmission), or delivered by other means which affords the sender evidence of delivery, or of rejected delivery, to the respective parties at the following addresses unless and until a different address has been designated by written notice to the other party:

Notice to Franchisor:

GUTHRIE'S FRANCHISING, INC.
2320 Moore's Mill Road, Suite 600
Auburn, Alabama 36830
Attn: ______________________________
E-mail: ____________________________

Notices to Developer:

____
____
____
Attn: ______________________________
E-mail: ____________________________

Any notice by a means which affords the sender evidence of delivery, or rejected delivery, shall be deemed to have been given at the date and time of receipt or rejected delivery.

X. INDEPENDENT CONTRACTOR AND INDEMNIFICATION

A. It is understood and agreed by the parties hereto that this Agreement does not create a fiduciary relationship between them and that nothing in this Area Development Agreement is intended to constitute either party an agent, legal representative, subsidiary, joint venturer, joint employer, partner, employee or servant of the other for any purpose whatsoever. Neither party shall be responsible for the debts or liabilities incurred by the other.

B. During the term of this Agreement, Developer shall hold itself out to the public, including without limitation, in all dealings with customers, lessors, contractors, suppliers, public officials, employees and others, as an independent contractor and the independent owner of its business. Developer agrees to take such affirmative actions as shall be necessary to that end.

C. The parties understand and agree that nothing in this Area Development Agreement authorizes Developer to make any contract, agreement, warranty or representation on Franchisor's behalf or to incur any debt or other obligation in Franchisor's name, and that Franchisor shall in no event assume any liability for, or be deemed liable hereunder as a result of, any such action or by reason of any act or omission of Developer in its conduct of its business or claim or judgment arising therefrom against Franchisor.

D. Developer agrees to indemnify and hold Franchisor, its affiliates and their respective shareholders, directors, officers, agents, employees and successors and assigns, harmless against any action, claim, loss, liability, obligation, damages, taxes, costs or other expenses (including but not limited to, settlement costs and attorneys' fees) asserted against any of the foregoing parties arising directly or indirectly from, as a result of, or in connection with Developer's operation of the business contemplated hereunder, including without limitation, the development or operation of Developer's Guthrie's Restaurants. Developer shall also reimburse each of the indemnified parties for all costs reasonably incurred in defending any such matter, including reasonable attorneys' fees. This section shall continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

XI. APPROVALS

A. Whenever this Area Development Agreement requires the prior approval or consent of Franchisor, Developer shall make a timely written request to Franchisor therefor, and, except as otherwise provided herein, any approval or consent granted shall be in writing.

B. Franchisor makes no warranties or guaranties upon which Developer may rely, and assumes no liability or obligation to Developer or any third party to which it would not otherwise be subject, by providing any waiver, approval, advice, consent or suggestion to Developer in connection with this Area Development Agreement, or by reason of any neglect, delay or denial of any request therefor.

XII. NON-WAIVER

No failure of Franchisor to exercise any power reserved to it by this Agreement or to insist upon strict compliance by Developer with any obligation or condition hereunder, and no custom or practice of the parties at variance with the terms hereof, shall constitute a waiver of Franchisor's rights to demand exact compliance with the terms of this Agreement. Waiver by Franchisor of any particular default by Developer shall not affect or impair Franchisor's rights with respect to any subsequent default of the same, similar or different nature, nor shall any delay, forbearance or omission of Franchisor to exercise any power or right arising out of any breach or default by Developer of any of the terms, provisions or covenants of this Agreement, affect or impair Franchisor's rights to exercise the same, nor shall such constitute a waiver by Franchisor of any right hereunder or the right to declare any subsequent breach or default.

XIII. SEVERABILITY AND CONSTRUCTION

A. Except as expressly provided to the contrary herein, each portion, section, part, term and/or provision of this Agreement shall be considered severable; and if, for any reason, any portion, 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 arbitrators, 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.

B. Any provision or covenant in this Agreement which expressly or by its nature imposes obligations beyond the expiration, termination (regardless of cause for termination) or assignment of this Agreement, shall survive such expiration, termination or assignment, including, without limitation, Sections IV.B., V.B., VI.F. and G. and VIII. through XIX.

C. Anything to the contrary notwithstanding, nothing in this Agreement is intended, nor shall be deemed, to confer upon any person or legal entity other than Franchisor or Developer and such of their respective successors and assigns as may be contemplated by Section VII. hereof, any rights or remedies under or by reason of this Agreement.

D. All captions in this Agreement are intended solely for the convenience of the parties, and none shall be deemed to affect the meaning or construction of any provision hereof.

E. All references herein to the masculine, neuter or singular shall be construed to include the masculine, feminine, neuter or plural, where applicable, and all acknowledgements, promises, covenants, agreements and obligations herein made or undertaken by Developer shall be deemed jointly and severally undertaken by all the parties hereto that execute this Agreement on behalf of Developer.

F. This Agreement may be signed in multiple counterparts, each of which will be deemed an original, and all of which together constitute one and the same document.

XIV. ENTIRE AGREEMENT-APPLICABLE LAW

This Agreement, the documents referred to herein and the Exhibits and attachments attached hereto constitute the entire, full and complete agreement between Franchisor and Developer concerning the subject matter hereof and supersede any and all prior negotiations, understandings, representations and agreements, no other representations having induced Developer to execute this Agreement; provided, however, that nothing in this Agreement is intended to disclaim the representations made by Franchisor in the disclosure document that was furnished to Developer by Franchisor. Except as otherwise expressly set forth herein, 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. This Agreement takes effect upon its acceptance and execution by Franchisor in Alabama, and shall be governed by and interpreted and construed under the laws of the State of Alabama. In the event of any conflict of law, the laws of the State of Alabama shall prevail, without regard to, and without giving effect to, the application of Alabama conflict of law rules.

XV. ACKNOWLEDGEMENTS; DISCLAIMER

A. Developer acknowledges that it has conducted an independent investigation of the business to be conducted hereunder and recognizes that the business venture contemplated by this Agreement involves substantial business risks and that its success will be largely dependent upon the ability of Developer as an independent business.

FRANCHISOR EXPRESSLY DISCLAIMS THE MAKING OF, AND DEVELOPER ACKNOWLEDGES IT HAS 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 OTHER THAN THE REPRESENTATIONS MADE BY FRANCHISOR IN THE DISCLOSURE DOCUMENT THAT WAS FURNISHED TO DEVELOPER BY FRANCHISOR. DEVELOPER ACKNOWLEDGES THAT FRANCHISOR'S APPROVAL OF ANY PREMISES IN NO WAY CONSTITUTES A

REPRESENTATION OR WARRANTY AS TO THE POTENTIAL SALES, PROFITS OR SUCCESS OF ANY RESTAURANT.

B. Developer acknowledges that it has received, read and understands this Agreement, the documents referred to herein and the Exhibits and attachments attached hereto, each of which are incorporated herein by reference, and that Franchisor has accorded Developer ample time and opportunity to consult with advisors of Developer's own choosing about the potential benefits and risks of entering into this Agreement.

C. Developer acknowledges that it timely received the disclosure document required by the Franchise Rule promulgated by the Federal Trade Commission, as amended; and that it received this Agreement, the documents referred to herein and the Exhibits and attachments attached hereto, and agreements relating hereto, if any, at least fourteen (14) days prior to the date on which this Agreement is executed by Developer. Developer further acknowledges that Developer has read such Franchise Disclosure Document and understands its contents.

XVI. ARBITRATION

A. Disputes Subject to Arbitration. Except as expressly provided to the contrary in this Agreement or the Franchise Agreement, including without limitation, Section XVI.E. below, all disputes and controversies between Franchisor and Developer, or Franchisor's affiliates and their respective shareholders, members, officers, directors, managers, agents, and/or employees and Developer's affiliates and their respective shareholders, members, officers, directors, managers, agents, guarantors and/or employees arising out of or related to: (1) this Agreement or any other agreement between Developer and Franchisor; (2) Franchisor's relationship with Developer; (3) the validity of this Agreement or any other agreement between Developer and Franchisor; or (4) the System, including allegations of fraud, misrepresentation and violation of any state or federal laws or regulations, are subject to and will be resolved exclusively by arbitration conducted in accordance with the Commercial Rules and Regulations of the American Arbitration Association.

B. Demand for Arbitration. Either party may demand arbitration by giving the other party written notice. Within ten (10) days after a written demand for arbitration has been delivered by the party demanding arbitration, either party will have the right to request the office of the American Arbitration Association located in Birmingham, Alabama to initiate the arbitration procedures. Such arbitration shall be conducted before three (3) arbitrators, chosen as follows: Franchisor and Developer shall each select one (1) arbitrator. These two (2) arbitrators shall mutually agree on one (1) other arbitrator to act as the third arbitrator. The arbitrators will be appointed as provided herein within sixty (60) days after a written demand for arbitration has been made in accordance with the Commercial Rules and Regulations of the American Arbitration Association.

C. Venue and Jurisdiction. All arbitration hearings will take place exclusively in Birmingham, Alabama, and will be held no earlier than ninety (90) days after the arbitrators have been selected. Franchisor and Developer, on behalf of themselves and the parties listed in Section XVI.A. above, do hereby agree and submit to personal jurisdiction in the State of Alabama in connection with any arbitration hearings or litigation hereunder and any suits brought to enforce the decision of the arbitrators, and do hereby waive any rights to contest venue and jurisdiction in the City of Birmingham, State of Alabama and any claims that venue and jurisdiction are invalid or inconvenient.

D. Powers of Arbitrators. The authority of the arbitrators will be limited to making a finding, judgment, decision and award relating to the interpretation of or adherence to the written provisions of this Agreement. The Federal Rules of Evidence (the "Rules") will apply to all arbitration hearings and the introduction of all evidence, testimony, records, affidavits, documents and memoranda in any arbitration hearing must comply in all respects with the Rules and legal precedents interpreting the Rules. Both parties will have the absolute right to cross-examine any person who has testified against them or in favor of the other party. The arbitrators will have no authority to add to, delete or modify in any manner the terms and provisions of this Agreement. All findings, judgments, decisions and awards of the arbitrators will be limited to the dispute set forth in the written demand for arbitration and the arbitrators will have no authority to decide any other issues. The arbitrators will not have the right or authority to award punitive damages to either Franchisor or Developer or the parties listed in Section XVI.A. above and Franchisor and Developer, on behalf of themselves and the parties listed in Section XVI.A. above, expressly waive their rights to plead or seek punitive damages. All findings, judgments, decisions and awards by the arbitrators will be in writing, will be made within thirty (30) days after the arbitration hearings have been completed, and will be final and binding on Franchisor and Developer. The written decision of the arbitrators will be deemed to be an order, judgment and decree and may be entered as such in any court of competent jurisdiction by either party thereafter. If, during the course of arbitration, either party fails to appear at a meeting or hearing duly scheduled in accordance with the Commercial Rules and Regulations of the American Arbitration Association, the arbitrators will have the absolute right to enter a default judgment against the party failing to appear and may grant a remedy and relief in favor of the moving party.

E. Disputes not Subject to Arbitration. The following disputes between Franchisor and Developer will not be subject to arbitration: (a) Developer's misuse of the Proprietary Marks or the System; (b) the obligations of Developer upon termination or expiration of this Agreement; (c) the sale, transfer or assignment of any interest in this Agreement or in Developer or any rights granted hereunder; and (d) Developer's violation of Section V.B.3. or Section VIII.

F. Confidentiality. All evidence, testimony, records, documents, findings, decisions, judgments, awards and orders pertaining to any arbitration hearing or litigation between Franchisor and Developer will be secret and confidential in all respects. Franchisor and Developer will not disclose the decision or award of the arbitrators and will not disclose any evidence, testimony, records, documents, findings, decisions, judgments, awards or orders or other matters from the arbitration hearing to any person or entity except as required by law.

G. No Right of Set Off. Developer agrees that it will not set off or withhold payment of any amounts it owes Franchisor on the grounds of Franchisor's alleged nonperformance of any of Franchisor's obligations under this Agreement or for any other reason. Developer agrees that all such claims will, if not otherwise resolved, be submitted to arbitration as provided in this Section XVI.

XVII. LIMITATIONS ON ACTIONS

A. Waiver of Punitive Damages. Except with respect to the unauthorized use of the Proprietary Marks, or breach of the confidentiality or non-competition provisions hereof, Franchisor and Developer waive to the fullest extent permitted by law any right or claim for any punitive, exemplary, consequential or speculative damages against the other and agree that in the event of a dispute between them, except as otherwise provided herein, each shall be limited to the recovery of actual damages sustained.

B. Waiver of Class Action Proceedings. Developer and its Owners agree that for the System to function properly, Franchisor must not be burdened with the cost of litigation of System-wide disputes. Accordingly, any disagreement between Franchisor and Developer shall be considered unique as to its facts and shall not be brought as a class action and Developer waives any rights to proceed against Franchisor by way of class action. In any legal action between Franchisor and Developer, the arbitrators or court shall not be precluded from making their or its own independent determination of the issues in question, notwithstanding the similarity of issues in any other legal action involving Franchisor and any other franchisee and each party waives the right to claim that a prior disposition of the same or similar issues precludes such independent determination.

C. Waiver of Jury Trial. FRANCHISOR AND DEVELOPER IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER OF THEM AGAINST THE OTHER.

XVIII. OFFERING OF SECURITIES BY DEVELOPER

In the event Developer shall attempt to raise or secure funds through the sale of securities, including, without limitation, limited partnership or joint venture offerings (which sale shall be subject to the provisions of Section VII. of this Agreement), Developer recognizing that the documents with respect thereto may reflect upon Franchisor, agrees to obtain the prior written consent of Franchisor with respect to any mention of Franchisor or description of Franchisor's System or Developer's relationship with Franchisor made in any documents to be utilized in connection with such offering, in addition to such other consents and approvals as are required hereunder. Developer agrees and recognizes that any offer of sale of its securities in violation of any applicable federal or state securities law or regulation, or Developer's failure to obtain Franchisor's written consent (which will not be unreasonably withheld) as provided above shall constitute a material default under this Agreement subject to the provisions of Section VI. hereof.

XIX. GENERAL RELEASE AND COVENANT NOT TO SUE

Developer hereby releases Franchisor and its affiliates and their respective shareholders, members, officers, directors, managers, agents and employees from any and all claims and causes of action, known or unknown, which may exist in favor of Developer or its affiliates or their respective shareholders, members, officers, directors, managers, agents or employees as of the date of this Agreement, other than any claims arising under the Franchise Rule promulgated by the Federal Trade Commission, as amended, or similar state laws or regulations. In addition, Developer covenants that Developer shall not file or pursue any legal action or complaint against any of the foregoing entities or persons with regard to any of the foregoing claims or causes of action released by Developer pursuant to this Section XIX.

XX. FORCE MAJEURE

If any party's performance of any obligation under this Agreement is prevented, hindered or delayed because of force majeure and not through any act or omission of such party, which cannot be overcome by use of normal commercial measures, the parties shall be relieved of their respective obligations to the extent the parties are respectively necessarily prevented, hindered or delayed in the performance of this Agreement during the period of force majeure. As used in this Agreement, the term "force majeure" shall mean any act of God, strike, lockout or other industrial disturbance, war (declared or undeclared), riot, epidemic, fire or other catastrophe, act of any government and any other similar cause not within the control of the affected party. The party whose performance is affected by an event of force majeure shall give prompt notice of the force majeure event to the other party setting forth the nature of the event, an estimate as to its duration and a plan for resuming compliance with this Agreement, which plan the party shall promptly undertake and maintain with due diligence. Notwithstanding the foregoing, Franchisor may, at its option, terminate this Agreement and all rights granted hereunder (including but not limited to, the right to develop new Restaurants), effective immediately upon the provision of notice to Developer, if any force majeure event continues for longer than ninety (90) consecutive days.

XXI. DISCLOSURE OF OWNERSHIP INTERESTS; GUARANTIES

Developer represents, warrants and agrees that Exhibit B to this Agreement, which is incorporated herein by reference, correctly identifies each and every Owner and officer, director, manager and/or general partner of Developer, that Exhibit B completely and accurately describes the nature and extent of each Owner's interest in Developer, and that updated Exhibits B shall be furnished promptly to Franchisor so that Exhibit B (as so revised and signed by Developer) is at all times current, complete and accurate. Each person who is or becomes an Owner as Franchisor may request shall execute a guaranty and assumption of obligations under this Agreement in the form attached hereto as Exhibit C.

[Signatures on following page.]

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Agreement on the day and year first above written.

FRANCHISOR:	**DEVELOPER:**
GUTHRIE'S FRANCHISING, INC., an Alabama corporation By: ____________________ Print Name: ______________ Title: __________________	If a corporation, partnership, limited liability company or other legal entity (Name of corporation, partnership, limited liability company or other legal entity) By: ____________________ Print Name: ______________ Title: __________________ If Individual(s): ____________________ (Signature) ____________________ (Print Name)

EXHIBIT A

DEVELOPMENT AREA, DEVELOPMENT FEE, DEVELOPMENT SCHEDULE

1. Development Area. The Development Area is the geographical area described as follows:

Any political boundaries described above shall be considered fixed as of the date of this Agreement and shall not change for the purpose hereof, notwithstanding a political reorganization or change to such boundaries or regions. All street boundaries shall be deemed to end at the street center line unless otherwise specified above.

2. Development Schedule. Developer must have open and in operation in the Development Area, pursuant to Franchise Agreements, that cumulative number of Restaurants set forth below as of each of the following dates:

Cumulative Number of Restaurants to be Developed	Last Date to Establish and Open the Restaurant	Franchise Fee	Portion of Development Fee Credited Against Franchise Fee
1			
2			
3			
4			
5			
6			
7			
8			

For purposes hereof, a Restaurant that is permanently closed after having been opened, other than as a result of noncompliance by Developer with the terms of the applicable Franchise Agreement, shall be deemed open for a period of 6 months after the last day it was open for business, provided that: (i) during such period of time, Developer continuously and diligently takes such actions as may be required to develop and open a substitute Restaurant within the Development Area pursuant to a new Franchise Agreement therefor; and (ii) by the end of such period Developer has the substitute Restaurant open and operating in compliance with the Franchise Agreement therefor.

3. Development Fee. The Development Fee is $____________.

4. Compliance Month Bank. The Compliance Month Bank balance as of the date of the Agreement is as follows:

[One (1) unit per Restaurant to be developed]

EXHIBIT B

DEVELOPER'S ORGANIZATION

1. **Form of Entity of Developer.**

(a) Corporation or Limited Liability Company. Developer was incorporated or formed on ________________, 20___, under the laws of the State of ______________. It has not conducted business under any name other than its legal name. The following is a list of all of Developer's officers and directors or managers as of ________________, 20___.

Name of Each Officer/Director/Manager	Position(s) Held

(b) Partnership. Developer is a [general] [limited] partnership formed on ________________, 20___ under the laws of the State of ______________. It has not conducted business under any name other than its legal name. The following is a list of all of Developer's general partners as of ____________________, 20___.

Name of General Partner

____

____

____

____

2. **Owners**. Developer and each of its Owners represents and warrants that the following is a complete and accurate list of all Owners of Developer, including the full name, mailing address and social security number of each Owner, and fully describes the nature and extent of each Owner's interest in Developer. Developer, and each Owner as to his, her or its ownership interest, represents and warrants that each Owner is the sole and exclusive legal beneficial owner of his, her or its ownership interest in Developer, free and clear of all liens, restrictions, agreements and encumbrances of any kind or nature, other than those required or permitted by this Agreement.

Owner's Name, Address and Social Security Number | Description of Interest

Owner's Name, Address and Social Security Number	Description of Interest
______________________________	______________
______________________________	______________
______________________________	______________
______________________________	______________
______________________________	______________

Submitted by Developer
on ________________, 20___.

____
(Name of corporation, partnership, limited liability company or other legal entity)

By: ___________________________
Print Name: ____________________
Title: _________________________

Owners:

____
(Signature)

____
(Print Name)

____
(Signature)

____
(Print Name)

____
(Signature)

Accepted by Franchisor and made a part of the Development Agreement as of
____________________, 20___.

GUTHRIE'S FRANCHISING, INC.,
an Alabama corporation

By: ___________________________
Print Name: ____________________
Title: _________________________

EXHIBIT C

GUARANTY AND ASSUMPTION OF OBLIGATIONS

THIS GUARANTY AND ASSUMPTION OF OBLIGATIONS (this "Guaranty") is given this ______ day of ________________, 20___, by each of the undersigned Owners (as defined in the Agreement).

In consideration of, and as an inducement to, the execution of that certain Area Development Agreement of even date herewith (as amended from time to time, the "Agreement") by and between Guthrie's Franchising, Inc., an Alabama corporation ("Franchisor"), and ______________ ("Developer"), each of the undersigned hereby personally and unconditionally: (1) guarantees to Franchisor, and its successors and assigns, for the term of the Agreement and thereafter as provided in the Agreement, that Developer shall punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement; and (2) shall personally be bound by, and personally liable for the breach of each and every provision in the Agreement, both monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities as set forth in the Agreement.

Each of the undersigned waives: (a) acceptance and notice of acceptance by Franchisor of the foregoing undertakings; (b) notice of demand for payment of any indebtedness or non-performance of any obligations hereby guaranteed; (c) protest and notice of default to any party with respect to the indebtedness or non-performance of any obligations hereby guaranteed; (d) any right he, she or it may have to require that an action be brought against Developer or any other person as a condition of liability; and (e) any and all other notices and legal or equitable defenses to which he, she or it may be entitled.

Each of the undersigned consents and agrees that: (i) his, her or its direct and immediate liability under this Guaranty shall be joint and several; (ii) he, she or it shall render any payment or performance required under the Agreement upon demand if Developer fails or refuses punctually to do so; (iii) such liability shall not be contingent or conditioned upon pursuit by Franchisor of any remedies against Developer or any other person; and (iv) such liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which Franchisor may from time to time grant to Developer or to any other person, including without limitation the acceptance of any partial payment or performance or the compromise or release of any claims, none of which shall in any way modify or amend this Guaranty, which shall be continuing and irrevocable until satisfied in full.

Each of the undersigned consents and agrees that any claims he, she or it may have against Developer are, and will be, subordinate to this Guaranty.

The undersigned each hereby jointly and severally acknowledge and expressly agree to be individually bound by all of the covenants contained in Sections V.B.3, VI., VII., VIII. and XVI. of the Agreement.

This Guaranty shall be governed by the laws of the State of Alabama. In the event of any conflict of law, the laws of the State of Alabama shall prevail, without regard to, and without giving effect to, the application of Alabama conflict of law rules.

[Signatures on following page.]

IN WITNESS WHEREOF, each of the undersigned has hereunto signed this Guaranty and Assumption of Obligations on the same day and year as the Agreement was executed.

GUARANTOR(S)

____
(Signature)

____
(Print Name)

____
(Signature)

____
(Print Name)

____
(Signature)

____
(Print Name)

____
(Signature)

____
(Print Name)

EXHIBIT C

LIST OF CURRENT FRANCHISEES AS OF DECEMBER 31, 2020

Alabama

Guthrie's of Birmingham (Homewood)
Alan Parks
341 Palisades Blvd.
Birmingham, Alabama 35209
205-783-5800

Guthrie's of Cullman
Keith Lann
704 2nd Ave. NW
Cullman, Alabama 35055
(256) 775-1636

Guthrie's of Downtown (UAB)
Bruce Brown
1801 4th Ave. S., Suite 107
Birmingham, Alabama 35205
(205) 327-1241

Guthrie's of Fairhope
Matt Wyatt
51 B North Greeno Road
Fairhope, Alabama 36532
(251) 990-2897

Guthrie's of Haleyville
Butch Benton
930 20th Street
Haleyville, Alabama 35565
(205) 486-9222

Guthrie's of Haleyville #2
Butch Benton
42469 Highway 195
Haleyville, Alabama 35565
(205) 486-9222

Guthrie's of Jasper
John Dyer
821 Highway 78 West
Jasper, Alabama 35501
(205) 295-0080

Guthrie's of Jasper #2
John Dyer
2315 Highway 78 East
Jasper, Alabama 35501
(205)295-5072

Guthrie's of Monroeville
Joseph Oglesby
1559 S. Alabama Ave.
Monroeville, Alabama 36460
251-575-2584

Guthrie's of Moulton
Matt and Melinda Pulliam
11831 Hwy 157
Moulton, Alabama 35650
(256) 974-5440

Guthrie's of Opelika
Tommy Dodd and Brandi Greenwood
3704 Pepperell Parkway
Opelika, Alabama 36801
(334) 363-0764

Guthrie's of Rainbow City
Brian Crawford
3333 Rainbow Drive
Rainbow City, Alabama 35906
(256) 442-9070

Guthrie's of Trussville
Brian Crawford
1104 Chalkville Road N.
Trussville, Alabama 35173
(205) 508-5401

Florida

Guthrie's of Panama City Beach
Darren McDaniel
7905 Front Beach Rd.
Panama City Beach, FL 32407
(850) 249-5160

Guthrie's of Panama City Beach #2
Elizabeth Waring
14100 Panama City Beach Pkwy.
Panama City Beach, FL 32413
(850) 832-0792

Georgia

Guthrie's of Ringgold
Will Garrett
67 Poplar Road
Ringgold, Georgia 30736
(706) 965-6550

Guthrie's of Trenton
Will Garrett
5404 Highway 136
Trenton, Georgia 30752
(706) 965-6550

Kentucky

Guthrie's of Erlanger
Bill Aseree
3340 Mineola Pike, Suite C
Erlanger, Kentucky 41018
(859) 663-2853

Guthrie's of Fort Wright
Bill Aseree
1965 Highland Pike
Fort Wright, Kentucky 41017
(859) 415-2012

Guthrie's of Burlington
John Harmon

Ohio

Guthrie's of Cleveland
Kevin McNamara
3465 Steelyard Drive
Cleveland, Ohio 44109
(216) 351-3870

Tennessee

Guthrie's of Signal Mountain
Will Garrett and Grady Williams
1235 Taft Highway
Signal Mountain, Tennessee 37377
(706) 965-6550

Guthrie's of Memphis #1 Dexter Rd.
Tyrone Burroughs and Randy Washburn
8075 Dexter Rd.
Cordova, TN 38016
(901) 440-8488

Guthrie's of Memphis #2
Tyrone Burroughs and Randy Washburn
180 S. Germantown Pkwy.
Cordova, TN 38018
(901) 249-7175

1795 Patrick Drive
Burlington, Kentucky 41005
859-534-0776

16440847

EXHIBIT D

LIST OF CURRENT COMPANY-OWNED OUTLETS AS OF DECEMBER 31, 2020

Alabama

Guthrie's of Auburn (Glenn)
Matthew Myers and Joe Kelly Guthrie
804 Glenn Ave.
Auburn, Alabama 36830
(334) 209-2233

Guthrie's of Auburn (Shug)
Matthew Myers and Joe Kelly Guthrie
1673 Shug Jordan Parkway Suite A
Auburn, Alabama 36830

Joe Kelly Guthrie
1700A Capps Landing
Opelika, Alabama 36804
(334) 203-1970

Melissa Guthrie
205 15th Street
Tuscaloosa, Alabama 35405
(205) 349-2222

Guthrie's of Opelika 2nd Avenue
Matthew Myers and Joe Kelly Guthrie
505 2nd Avenue
Opelika, AL 36801

Florida

Ryan Guthrie
1818 W. Tennessee Street
Tallahassee, Florida 32304
(850) 224-2244

Ryan Guthrie
2550 N. Monroe Street
Tallahassee, Florida 32303
(850) 270-9543

Guthrie's of Tampa
Hud Guthrie and Chris Witts
5228 S. Dale Mabry Hwy
Tampa, Florida 33611
(813) 644-5728

Georgia

Guthrie's of Canton (Macedonia)
Joe Guthrie, Matt Dalhauser and Stephen Galbraith
8023 Cumming Hwy. Suite 102
Canton, GA 30115
(678) 880-1040

Guthrie's of Canton (Sixes Rd.)
Joe Guthrie, Matt Dalhauser and Stephen Galbraith
176 Vince Merolla Rd.
Canton, GA 30114

Guthrie's of Mableton
Joe Guthrie, Matt Dalhauser and Stephen Galbraith
787 Veterans Memorial Pkwy
Mableton, GA 30126
(678) 403-8711

EXHIBIT E

FINANCIAL STATEMENTS

(See Attached)

16440847

Guthrie's Franchising, Inc.

Auburn, Alabama

FINANCIAL STATEMENTS

For The Years Ended December 31, 2020 and 2019

Dollar & Watson, LLC
Certified Public Accountants
Guntersville, Alabama

CONTENTS

Leigh Barnett Dollar, CPA Roger E. Watson, Jr., CPA

431 Gunter Avenue • P.O. Box 143 • Guntersville, Alabama 35976
(256) 582-1266 Fax (256) 582-1268

D&W
DOLLAR AND WATSON, LLC
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

To The Board of Directors and Stockholders
Guthrie's Franchising, Inc.
Auburn, Alabama

We have audited the accompanying financial statements of Guthrie's Franchising, Inc. (an Alabama Subchapter S Corporation) which comprise the balance sheets as of December 31, 2020 and 2019 and the related statements of income, cash flows and retained earnings for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Guthrie's Franchising, Inc. as of December 31, 2020 and 2019, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Guthrie's Franchising, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Guthrie's Franchising, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material is there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financials statements.

- Obtain an understanding of internal control relevant to the audit 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 Guthrie's Franchising, Inc.'s internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Guthrie's Franchising, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Dollar & Watson, LLC

May 12, 2021

Guntersville, Alabama

BALANCE SHEETS

GUTHRIE'S FRANCHISING, INC.

ASSETS	December 31, 2020	December 31, 2019
CURRENT ASSETS		
Cash and Equivalents	$ 22,734	$ -
Royalties Receivable	34,138	36,130
	56,872	36,130
PROPERTY AND EQUIPMENT		
Office Furniture and Equipment	34,815	34,815
Less Accumulated Depreciation	5,113	3,157
	29,702	31,658
OTHER ASSETS		
Note Receivable Stockholder	367,387	367,745
Lease Deposit	3,200	3,200
	370,587	370,945
TOTAL ASSETS	$ 457,161	$ 438,733

The Accompanying Notes Are An Integral Part Of These Financial Statements

LIABILITIES AND STOCKHOLDERS' EQUITY	December 31, 2020	December 31, 2019
CURRENT LIABILITIES		
Cash Overdraft	$ 9,000	$ 8,502
Accounts Payable	7,552	4,672
Accrued Salaries and Wages	21,385	8,375
Payroll Taxes Payable	-	-
Franchise Fee Deposit	-	-
	37,937	21,549
LONG-TERM LIABILITIES		
Note Payable	250	33,900
Note Payable Stockholder	22,320	115,964
	22,570	149,864
Total Liabilities	60,507	171,413
CONTINGENCIES	-	-
STOCKHOLDERS' EQUITY		
Common Stock - Par Value $1; Authorized, Issued and Outstanding, 1,000 Shares	1,000	1,000
Additional Paid-In Capital	4,000	4,000
Retained Earnings	391,654	262,320
Total Stockholders' Equity	396,654	267,320
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 457,161	$ 438,733

The Accompanying Notes Are An Integral Part Of These Financial Statements

STATEMENTS OF INCOME

GUTHRIE'S FRANCHISING, INC.

	For The Year Ended					
	December 31, 2020			December 31, 2019		
	Amount	% of Revenues		Amount	% of Revenues	
REVENUES						
Franchise Royalties	$ 755,036	46.67%	$	550,441	46.29%	
Franchise Fees	35,000	2.16		30,000	2.52	
Vendor Rebates	827,949	51.17		608,739	51.19	
	1,617,985	100.00		1,189,180	100.00	
OPERATING, GENERAL AND ADMINISTRATIVE EXPENSES	804,551	49.73		547,027	46.00	
Income from Operations	813,434	50.27		642,153	54.00	
OTHER INCOME (EXPENSE)						
PPP Forgiveness Income	39,900	2.47		-	-	
	39,900	2.47		-	-	
NET INCOME	$ 853,334	52.74%	$	642,153	54.00%	

The Accompanying Notes Are An Integral Part Of These Financial Statements

STATEMENTS OF CASH FLOWS

GUTHRIE'S FRANCHISING, INC.

	For The Year Ended December 31, 2020	For The Year Ended December 31, 2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Customers and Others	$ 1,659,877	$ 1,152,397
Cash Paid to Suppliers, Employees and Others	(786,207)	(558,233)
Interest Expense Paid	-	-
Net Cash Provided (Used) by Operating Activities	873,670	594,164
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	-	(15,350)
Net Cash Provided (Used) by Investing Activities	-	(15,350)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Borrowing	-	33,900
Repayments on Notes Payable	(33,650)	-
Advances to Stockholders	-	(138,405)
Advances from Stockholders	358	-
Repayments to Stockholders	(93,644)	(3,471)
S Corporation Distributions Paid to Stockholders	(724,000)	(480,000)
Net Cash Provided (Used) by Financing Activities	(850,936)	(587,976)
NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS	22,734	(9,162)
CASH AND EQUIVALENTS - Beginning of Year	-	9,162
CASH AND EQUIVALENTS - End of Year	$ 22,734	$ -

The Accompanying Notes Are An Integral Part Of These Financial Statements

	For The Year Ended	
	December 31, 2020	December 31, 2019
RECONCILIATION OF NET INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Net Income	$ 853,334	$ 642,153
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Depreciation and Amortization	1,956	941
Change in Assets - (Increase) Decrease		
- Royalties Receivable	1,992	(16,783)
Change in Liabilities - Increase (Decrease)		
Cash Overdraft	498	8,502
Accounts Payable	2,880	(22,941)
Accrued Salaries and Wages	13,010	2,292
Payroll Taxes Payable	-	-
Franchise Fee Deposit	-	(20,000)
Total Adjustments	20,336	(47,989)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$ 873,670	$ 594,164

The Accompanying Notes Are An Integral Part Of These Financial Statements

STATEMENTS OF RETAINED EARNINGS

GUTHRIE'S FRANCHISING, INC.

	For The Year Ended	
	December 31, 2020	December 31, 2019
RETAINED EARNINGS - Beginning of Year	$ 262,320	$ 100,167
Net Income	853,334	642,153
S Corporation Distributions Paid to Stockholders	(724,000)	(480,000)
RETAINED EARNINGS - End of Year	$ 391,654	$ 262,320

The Accompanying Notes Are An Integral Part Of These Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF OPERATIONS AND CONCENTRATION OF CREDIT RISK - Guthrie's Franchising, Inc. (the "Company") was formed in January, 2004 and is primarily engaged in the franchising of restaurants. The Company currently has franchises in the states of Alabama, Florida, Georgia, Tennessee, Ohio and Nevada with plans to expand to other areas of the United States as franchisees emerge. Financial instruments that subject the Company to potential concentrations of credit risk consist principally of franchise royalties receivable. Concentrations of credit with respect to franchise royalties receivable are limited due to the Company's evaluation of the credit worthiness of its franchisee before entering into a franchising agreement. The Company's cash is maintained at one bank in Alabama and is insured up to $250,000 (federally insured limit). At December 31, 2020 and 2019, the Company's cash balances were fully insured.

ESTIMATES AND ASSUMPTIONS - The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

REVENUE RECOGNITION AND DEFERRED REVENUE- The Company provides franchisees support for site selection, architectural plans, interior and exterior design and layout, training, marketing and sales techniques, and opening assistance. Franchise fees generally are non-refundable and the Company recognizes income when it has performed all initial services which is generally considered to be when the location commences operations. However, in accordance with accounting principles generally accepted in the United States, franchise fees are not considered earned until substantially all services and conditions of the franchise agreement have been met by the Company. Revenue on these fees is deferred and reflected as a liability on the balance sheet. An estimate of those fees expected to be recognized as revenue within the year are classified as current liabilities. At December 31, 2020 and 2019, there were no unearned revenues associated with franchise fees received.

The Company recognizes royalty revenue from franchisees based on amounts earned according to its individual agreements with its franchisees. Royalty revenues are generally based on a percentage of gross sales of franchisees' operations reported on a timely basis. Sales not reported timely by its franchisees are subject to penalty calculations, as defined. Gross sales include the actual gross charges for all beverages, food, services, goods, wares, merchandise and any other products purchased by customers of franchisees for cash or credit.

CASH AND EQUIVALENTS - Cash and equivalents include amounts on deposit with financial institutions with original maturity of less than 90 days.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

DIRECT WRITE-OFF METHOD OF BAD DEBTS - Because historical losses related to monthly franchise royalties receivable have been insignificant, management uses the direct write-off method to account for bad debts. On a continuing basis, management analyzes delinquent receivables and, once these receivables are determined to be uncollectible, they are written off through a charge against operations.

PROPERTY AND EQUIPMENT - Property and equipment are recorded at cost. Additions and improvements that extend the life of an asset are capitalized. Expenditures for repairs and maintenance are charged against operations. The cost of assets sold or retired and the related accumulated depreciation are removed from the accounts with any resulting gain or loss included in income. Depreciation is computed by the straight-line method based on management's estimate of the individual assets useful lives. Depreciation expense charged to operations was $1,956 and $941 for the years ended December 31, 2020 and 2019, respectively.

IMPAIRMENT OF LONG-LIVED ASSETS - The Company continually evaluates its investments in long-lived assets used in operations. When evaluating assets for potential impairment, the Company first compares the carrying value of the asset to the asset's estimated future cash flows (undiscounted and without interest charges). If the estimated future cash flows used in this analysis are less than the carrying amount of the asset, an impairment loss is recorded. The impairment loss is generally the excess of the carrying amount of the asset over the asset's estimated future discounted cash flows. For the years ending December 31, 2020 and 2019, the Company recognized no impairment losses, because in management's estimate the losses would be insignificant.

ADVERTISING - The Company expenses all advertising and promotional costs when incurred. Advertising and promotional costs were $65,209 and $77,207 for the years ended December 31, 2020 and 2019, respectively.

INCOME TAXES - The stockholders have elected to be taxed individually on the income of the Company under Sub-Chapter S of the Internal Revenue Code and under the S Corporation Laws of the State of Alabama. Therefore, no provision for income taxes is recorded by the Company.

The federal and state income tax returns of the Company for 2020, 2019, 2018, 2017 and 2016 are subject to examination by the Internal Revenue Service, the Alabama Department of Revenue, and various other state revenue departments, generally for three years after they are filed.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

COMPREHENSIVE INCOME - The Company is required to disclose within the basic financial statements items of comprehensive income, such as foreign currency transactions and unrealized gains and losses on available-for-sale securities. There were no items of comprehensive income for the years ended December 31, 2020 and 2019.

FAIR VALUE DISCLOSURES OF FINANCIAL INSTRUMENTS - The Financial Accounting Standards Board Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities" ("SFAS" No. 133) requires that an entity recognize all derivatives as either assets or liabilities in the balance sheet and measure those instruments at fair value. The Company does not hold any derivative financial instruments and accordingly, SFAS No. 133 did not have any effect on the financial statements.

SUBSEQUENT EVENTS - Management has evaluated subsequent events through May 12, 2021 the date the financial statements were available to be issued.

NOTE 2 - ROYALTIES RECEIVABLE

Royalties receivable are monthly amounts due from franchisees at December 31, 2020 and 2019.

NOTE 3 - STOCKHOLDER LOANS

Note receivable stockholder at December 31, 2020 of $367,387 is receivable from Joe K Guthrie. Note payable stockholder at December 31, 2020 of $22,320 is payable to Hal H. Guthrie, Jr. The notes are uncollateralized, non interest bearing and repayment terms are undefined and depend on future decisions by management.

NOTE 4 - NOTE PAYABLE

Note payable at December 31, 2020 consists of an uncollateralized, non interest bearing note payable to Melissa Guthrie due December 31, 2022.

NOTE 5 - CONTINGENCIES

The Company owed the United States Treasury for unpaid payroll taxes relating to years 2007 and 2008. An Internal Revenue Service audit which began in 2012 was completed in 2015 and concluded that unpaid payroll taxes were due and penalties and interest relating to the unpaid payroll taxes were also assessed. These amounts have been estimated in prior years. When the final liability was determined, an additional $104,910 was assessed over previously estimated amounts recorded by the Company. This amount was recorded as a reduction of stockholders' equity through an increase in stockholder distributions for the year ended December 31, 2015.

The Company was paying $4,000 per month to satisfy these liabilities under an installment agreement with the Internal Revenue Service. The balance owed was paid in 2018. If the Company had defaulted on this installment agreement, the Internal Revenue Service could have retroactively assessed additional penalties and interest and the balance would have been payable immediately. This potential liability could have resulted in a near-term vulnerable impact, if the Company were to have defaulted on this installment agreement. Such an impact could have been significant to the operations of the Company.

For the years ended December 2017, the Company was not insured for general liability, franchiser errors and omissions, or directors and officers' liability. If the Company were to have a claim, this lack of insurance coverage could result in a near-term vulnerable impact. Such an impact could be significant to the operations of the Company. The Company obtained these coverages on March 19, 2018 currently through March 19, 2022.

In early 2020, an outbreak of the novel strain of coronavirus (COVID-19) emerged globally. As a result, there have been mandates from federal, state and local authorities resulting in an overall decline in economic activity. The ultimate impact of COVID-19 on the financial performance of the Company's operation is not reasonably estimable at this time.

NOTE 6 - FRANCHISE ROYALTY INCOME

The Company currently receives franchise royalty income of 6% of sales from franchisees. However, there are six stores owned by related parties that pay their franchise royalties directly to Guthrie family members.

NOTE 7 - LEASES

The Company currently leases an office facility from Curt Cope for $3,495 per month through January, 2021. The monthly rent increases in January 2021 to $3,602 through January 2022. Rent charged to operations under this agreement was $39,552 for each year ending December 31, 2020 and 2019.

The future minimum noncancellable lease commitments for the years ending December 31, are as follows:

2021	$	43,117
2022		3,602
	$	46,719

In 2019, the Company temporarily rented additional office space under a month to month oral agreement for $4,400 per month. Rent charge to operations under this agreement was $28,500 for the year ending December 31, 2019.

NOTE 8 - PPP FORGIVENESS INCOME

In March 2020, The Coronavirus Aid, Relief, and Economic Securities Act, also known as the CARES Act, enacted the Paycheck Protection Program (PPP). The program allowed businesses to receive a loan to cover payroll and operating expenses that would be forgiven and not subject to income tax. In 2020, the company applied for and received forgiveness of $39,900 of PPP funds. The company does not expect to receive any additional PPP funds in the future.

Guthrie's Franchising, Inc.

Auburn, Alabama

FINANCIAL STATEMENTS

For The Years Ended December 31, 2019 and 2018

Dollar & Watson, LLC
Certified Public Accountants
Guntersville, Alabama

CONTENTS

Leigh Barnett Dollar, CPA Roger E. Watson, Jr. CPA

431 Gunter Avenue • P.O. Box 143 • Guntersville, Alabama 35976
(256) 582-1266 Fax (256) 582-1268

D&W
DOLLAR AND WATSON, LLC
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

To The Board of Directors and Stockholders
Guthrie's Franchising, Inc.
Auburn, Alabama

We have audited the accompanying financial statements of Guthrie's Franchising, Inc. (an Alabama Subchapter S Corporation) which comprise the balance sheets as of December 31, 2019 and 2018 and the related statements of income, cash flows and retained earnings for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 audits 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 of 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 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 Guthrie's Franchising, Inc. as of December 31, 2019 and 2018, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Dollar & Watson, LLC

June 11, 2020

Guntersville, Alabama

BALANCE SHEETS

GUTHRIE'S FRANCHISING, INC.

ASSETS	December 31, 2019	December 31, 2018
CURRENT ASSETS		
Cash and Equivalents	$ -	$ 9,162
Royalties Receivable	36,130	19,347
	36,130	28,509
PROPERTY AND EQUIPMENT		
Office Furniture and Equipment	34,815	19,465
Less Accumulated Depreciation	3,157	2,216
	31,658	17,249
OTHER ASSETS		
Note Receivable Stockholder	367,745	229,340
Lease Deposit	3,200	3,200
	370,945	232,540
TOTAL ASSETS	$ 438,733	$ 278,298

The Accompanying Notes Are An Integral Part Of These Financial Statements

LIABILITIES AND STOCKHOLDERS' EQUITY	December 31, 2019	December 31, 2018
CURRENT LIABILITIES		
Cash Overdraft	$ 8,502	$ -
Accounts Payable	4,672	27,613
Accrued Salaries and Wages	8,375	6,083
Payroll Taxes Payable	-	-
Franchise Fee Deposit	-	20,000
	21,549	53,696
LONG-TERM LIABILITIES		
Note Payable	33,900	-
Note Payable Stockholder	115,964	119,435
	149,864	119,435
Total Liabilities	171,413	173,131
CONTINGENCIES	-	-
STOCKHOLDERS' EQUITY		
Common Stock - Par Value $1, Authorized, Issued and Outstanding, 1,000 Shares	1,000	1,000
Additional Paid-In Capital	4,000	4,000
Retained Earnings	262,320	100,167
Total Stockholders' Equity	267,320	105,167
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 438,733	$ 278,298

The Accompanying Notes Are An Integral Part Of These Financial Statements

STATEMENTS OF INCOME

GUTHRIE'S FRANCHISING, INC.

	For The Year Ended			
	December 31, 2019		December 31, 2018	
	Amount	% of Revenues	Amount	% of Revenues
REVENUES				
Franchise Royalties	$ 550,441	46.29%	$ 490,722	39.88%
Franchise Fees	30,000	2.52	185,000	15.03
Vendor Rebates	608,739	51.19	554,800	45.09
	1,189,180	100.00	1,230,522	100.00
OPERATING, GENERAL AND ADMINISTRATIVE EXPENSES	547,027	46.00	497,660	40.44
Income from Operations	642,153	54.00	732,862	59.56
OTHER INCOME (EXPENSE)				
Interest Expense	-	-	(42)	-
	-	-	(42)	-
NET INCOME	$ 642,153	54.00%	$ 732,820	59.56%

The Accompanying Notes Are An Integral Part Of These Financial Statements

STATEMENTS OF CASH FLOWS

GUTHRIE'S FRANCHISING, INC.

	For The Year Ended	
	December 31, 2019	December 31, 2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Customers and Others	$ 1,152,397	$ 1,210,713
Cash Paid to Suppliers, Employees and Others	(558,233)	(484,762)
Interest Expense Paid	-	(42)
Net Cash Provided (Used) by Operating Activities	594,164	725,909
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(15,350)	-
Net Cash Provided (Used) by Investing Activities	(15,350)	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Borrowing	33,900	-
Advances to Stockholders	(138,405)	(14,023)
Advances from Stockholders	-	97,276
Repayments to Stockholders	(3,471)	-
S Corporation Distributions Paid to Stockholders	(480,000)	(800,000)
Net Cash Provided (Used) by Financing Activities	(587,976)	(716,747)
NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS	(9,162)	9,162
CASH AND EQUIVALENTS - Beginning of Year	9,162	-
CASH AND EQUIVALENTS - End of Year	$ -	$ 9,162

The Accompanying Notes Are An Integral Part Of These Financial Statements

	For The Year Ended	
	December 31, 2019	December 31, 2018
RECONCILIATION OF NET INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Net Income	$ 642,153	$ 732,820
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Depreciation and Amortization	941	747
Change in Assets - (Increase) Decrease		
Royalties Receivable	(16,783)	191
Change in Liabilities - Increase (Decrease)		
Cash Overdraft	8,502	(521)
Accounts Payable	(22,941)	20,562
Accrued Salaries and Wages	2,292	(1,709)
Payroll Taxes Payable	-	(6,181)
Franchise Fee Deposit	(20,000)	(20,000)
Total Adjustments	(47,989)	(6,911)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$ 594,164	$ 725,909

The Accompanying Notes Are An Integral Part Of These Financial Statements

STATEMENTS OF RETAINED EARNINGS

GUTHRIE'S FRANCHISING, INC.

	For The Year Ended			
	December 31, 2019		December 31, 2018	
RETAINED EARNINGS - Beginning of Year	$	100,167	$	167,347
Net Income		642,153		732,820
S Corporation Distributions Paid to Stockholders		(480,000)		(800,000)
RETAINED EARNINGS - End of Year	$	262,320	$	100,167

The Accompanying Notes Are An Integral Part Of These Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF OPERATIONS AND CONCENTRATION OF CREDIT RISK - Guthrie's Franchising, Inc. (the "Company") was formed in January, 2004 and is primarily engaged in the franchising of restaurants. The Company currently has franchises in the states of Alabama, Florida, Georgia, Tennessee, Ohio and Nevada with plans to expand to other areas of the United States as franchisees emerge. Financial instruments that subject the Company to potential concentrations of credit risk consist principally of franchise royalties receivable. Concentrations of credit with respect to franchise royalties receivable are limited due to the Company's evaluation of the credit worthiness of its franchisee before entering into a franchising agreement. The Company's cash is maintained at one bank in Alabama and is insured up to $250,000 (federally insured limit). At December 31, 2019 and 2018, the Company's cash balances were fully insured.

ESTIMATES AND ASSUMPTIONS - The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

REVENUE RECOGNITION AND DEFERRED REVENUE - The Company provides franchisees support for site selection, architectural plans, interior and exterior design and layout, training, marketing and sales techniques, and opening assistance. Franchise fees generally are non-refundable and the Company recognizes income when it has performed all initial services which is generally considered to be when the location commences operations. However, in accordance with accounting principles generally accepted in the United States, franchise fees are not considered earned until substantially all services and conditions of the franchise agreement have been met by the Company. Revenue on these fees is deferred and reflected as a liability on the balance sheet. An estimate of those fees expected to be recognized as revenue within the year are classified as current liabilities. At December 31, 2019 and 2018, there were no unearned revenues associated with franchise fees received.

The Company recognizes royalty revenue from franchisees based on amounts earned according to its individual agreements with its franchisees. Royalty revenues are generally based on a percentage of gross sales of franchisees' operations reported on a timely basis. Sales not reported timely by its franchisees are subject to penalty calculations, as defined. Gross sales include the actual gross charges for all beverages, food, services, goods, wares, merchandise and any other products purchased by customers of franchisees for cash or credit.

CASH AND EQUIVALENTS - Cash and equivalents include amounts on deposit with financial institutions with original maturity of less than 90 days.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

DIRECT WRITE-OFF METHOD OF BAD DEBTS - Because historical losses related to monthly franchise royalties receivable have been insignificant, management uses the direct write-off method to account for bad debts. On a continuing basis, management analyzes delinquent receivables and, once these receivables are determined to be uncollectible, they are written off through a charge against operations.

PROPERTY AND EQUIPMENT - Property and equipment are recorded at cost. Additions and improvements that extend the life of an asset are capitalized. Expenditures for repairs and maintenance are charged against operations. The cost of assets sold or retired and the related accumulated depreciation are removed from the accounts with any resulting gain or loss included in income. Depreciation is computed by the straight-line method based on management's estimate of the individual assets useful lives. Depreciation expense charged to operations was $941 and $747 for the years ended December 31, 2019 and 2018, respectively.

IMPAIRMENT OF LONG-LIVED ASSETS - The Company continually evaluates its investments in long-lived assets used in operations. When evaluating assets for potential impairment, the Company first compares the carrying value of the asset to the asset's estimated future cash flows (undiscounted and without interest charges). If the estimated future cash flows used in this analysis are less than the carrying amount of the asset, an impairment loss is recorded. The impairment loss is generally the excess of the carrying amount of the asset over the asset's estimated future discounted cash flows. For the years ending December 31, 2019 and 2018, the Company recognized no impairment losses, because in management's estimate the losses would be insignificant.

ADVERTISING - The Company expenses all advertising and promotional costs when incurred. Advertising and promotional costs were $77,207 and $59,192 for the years ended December 31, 2019 and 2018, respectively.

INCOME TAXES - The stockholders have elected to be taxed individually on the income of the Company under Sub-Chapter S of the Internal Revenue Code and under the S Corporation Laws of the State of Alabama. Therefore, no provision for income taxes is recorded by the Company.

The federal and state income tax returns of the Company for 2019, 2018, 2017, 2016 and 2015 are subject to examination by the Internal Revenue Service, the Alabama Department of Revenue, and various other state revenue departments, generally for three years after they are filed.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

COMPREHENSIVE INCOME - The Company is required to disclose within the basic financial statements items of comprehensive income, such as foreign currency transactions and unrealized gains and losses on available-for-sale securities. There were no items of comprehensive income for the years ended December 31, 2019 and 2018.

FAIR VALUE DISCLOSURES OF FINANCIAL INSTRUMENTS - The Financial Accounting Standards Board Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities" ("SFAS" No. 133) requires that an entity recognize all derivatives as either assets or liabilities in the balance sheet and measure those instruments at fair value. The Company does not hold any derivative financial instruments and accordingly, SFAS No. 133 did not have any effect on the financial statements.

SUBSEQUENT EVENTS - Management has evaluated subsequent events through June 11, 2020 the date the financial statements were available to be issued.

NOTE 2 - ROYALTIES RECEIVABLE

Royalties receivable are monthly amounts due from franchisees at December 31, 2019 and 2018.

NOTE 3 - STOCKHOLDER LOANS

Note receivable stockholder at December 31, 2019 of $367,745 is receivable from Joe K Guthrie. Note payable stockholder at December 31, 2019 of $115,964 is payable to Hal H. Guthrie, Jr. The notes are uncollateralized, non interest bearing and repayment terms are undefined and depend on future decisions by management.

NOTE 4 - NOTE PAYABLE

Note payable at December 31, 2019 consists of an uncollateralized, non interest bearing note payable to Melissa Guthrie due December 31, 2021.

NOTE 5 - CONTINGENCIES

The Company owed the United States Treasury for unpaid payroll taxes relating to years 2007 and 2008. An Internal Revenue Service audit which began in 2012 was completed in 2015 and concluded that unpaid payroll taxes were due and penalties and interest relating to the unpaid payroll taxes were also assessed. These amounts have been estimated in prior years. When the final liability was determined, an additional $104,910 was assessed over previously estimated amounts recorded by the Company. This amount was recorded as a reduction of stockholders' equity through an increase in stockholder distributions for the year ended December 31, 2015.

The Company was paying $4,000 per month to satisfy these liabilities under an installment agreement with the Internal Revenue Service. The balance owed was paid in 2018. If the Company had defaulted on this installment agreement, the Internal Revenue Service could have retroactively assessed additional penalties and interest and the balance would have been payable immediately. This potential liability could have resulted in a near-term vulnerable impact, if the Company were to have defaulted on this installment agreement. Such an impact could have been significant to the operations of the Company.

For the years ended December 2017, the Company was not insured for general liability, franchiser errors and omissions, or directors and officers' liability. . If the Company were to have a claim, this lack of insurance coverage could result in a near-term vulnerable impact, Such an impact could be significant to the operations of the Company. The Company obtained these coverages on March 19, 2018 currently through March 19, 2020.

In early 2020, an outbreak of the novel strain of coronavirus (COVID-19) emerged globally. As a result, there have been mandates from federal, state and local authorities resulting in an overall decline in economic activity. The ultimate impact of COVID-19 on the financial performance of the Company's operations is not reasonably estimable at this time.

NOTE 6 - FRANCHISE ROYALTY INCOME

The Company currently receives franchise royalty income of 6% of sales from franchisees. However, there are six stores owned by related parties that pay their franchise royalties directly to Guthrie family members.

NOTES TO FINANCIAL STATEMENTS

GUTHRIE'S FRANCHISING, INC.

NOTE 7 - LEASES

The Company currently leases an office facility from Curt Cope for $3,296 per month through January, 2020. In February 2020, the monthly lease payment increased to $3,495 through January 2021 and increases to $3,602 through January 2022. Rent charged to operations under this agreement was $39,552 and $39,456 for the years ending December 31, 2019 and 2018, respectively.

The future minimum noncancellable lease commitments for the years ending December 31, are as follows:

2020	$	41,741
2021		43,117
2022		3,602
	$	88,460

In 2019, the Company temporarily rented additional office space under a month to month oral agreement for $4,400 per month. Rent charge to operations under this agreement was $28,500 for the year ending December 31, 2019.

EXHIBIT F

LIST OF STATE AGENCIES/AGENTS FOR SERVICE OF PROCESS

STATE OF CALIFORNIA, Department of Business Oversight, 3700 Wilshire Boulevard, 6th Floor, Los Angeles, California 90010; Telephone: (213) 736-2741.

STATE OF CONNECTICUT, Banking Commissioner, 44 Capitol Avenue, Hartford, Connecticut 06106; Telephone: (203) 566-4560.

STATE OF ILLINOIS, Illinois Attorney General, 500 South Second Street, Springfield, Illinois 62706; Telephone: (217) 782-4465.

STATE OF INDIANA, Secretary of State, 302 West Washington Street, Room E-111, Indianapolis, Indiana 46204; Telephone: (317) 232-6681.

STATE OF MARYLAND, Securities Commissioner, Division of Securities, 200 St. Paul Place, 20th Floor, Baltimore, Maryland 21202; Telephone: (410) 576-7044.

STATE OF MICHIGAN, Franchise Administrator, 670 Law Building, Lansing, Michigan 48913; Telephone: (517) 373-7177.

STATE OF MINNESOTA, Deputy Commissioner, Minnesota Department of Commerce, 133 East 7th Street, St. Paul, Minnesota 55101; Telephone: (612) 296-6328.

STATE OF NEW YORK, Office of the New York State Attorney General, Investor Protection Bureau, 120 Broadway, 23rd Floor, New York, New York 10271; Telephone: (212) 416-8236.

STATE OF TEXAS, Secretary of State, 1019 Brazos, Austin, Texas 78701; Telephone: (512) 475-1769.

STATE OF VIRGINIA

State Administrator: State Corporation Commission, Division of Securities and Retail Franchising, 1300 East Main Street, 9th Floor, Richmond, Virginia 23219; Telephone: (804) 371-9051.

Registered Agent Authorized to Receive Process: Clerk of the State Corporation Commission, 1300 East Main Street, 1st Floor, Richmond, Virginia 23219.

STATE OF WASHINGTON, Director of Financial Institutions, Securities Division, P. O. Box 9033, Olympia, Washington 98507-9033; Telephone: (206) 753-6928.

STATE OF WISCONSIN, Commissioner of Securities, Franchise Administrator, 101 East Wilson Street, 4th Floor, Madison, Wisconsin 53703; Telephone: (608) 266-8559.

STATE OF DELAWARE, Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware 19801.

AGENTS FOR SERVICE OF PROCESS

STATE OF ALABAMA: Joe Kelly Guthrie, 2320 Moore's Mill Road, Suite 600, Auburn, Alabama 36830; Telephone (334) 887-6555.

16440847

EXHIBIT G

CONFIDENTIAL OPERATING MANUAL
TABLE OF CONTENTS

(See Attached)

CONFIDENTIAL OPERATIONS MANUAL

Receiving and Storage

Food Safety

Health Inspections

Cleanliness and Sanitation

Equipment Maintenance

Safety

Opening and Closing Procedures

Methods for Preparation

Plate Procedures and Presentation

Order Processing

Monetary Controls

EXHIBIT H

FRANCHISEE DISCLOSURE QUESTIONNAIRE

(See attached)

FRANCHISEE DISCLOSURE QUESTIONNAIRE

As you know, Guthrie's Franchising, Inc. ("we", "us" or "our") and you are preparing to enter into an Area Development Agreement and/or a Franchise Agreement for the operation of a Guthrie franchise. The purpose of this Questionnaire is to determine whether any statements or promises were made to you that we have not authorized or that may be untrue, inaccurate or misleading, to be certain that you have been properly represented in this transaction, and to be certain that you understand the limitations on claims you may make by reason of the purchase and operation of your franchise. **You cannot sign or date this Questionnaire the same day as the Receipt for the Franchise Disclosure Document but you must sign and date it the same day you sign the Area Development Agreement and/or Franchise Agreement and pay your development and/or franchise fee.** Please review each of the following questions carefully and provide honest responses to each question. If you answer "No" to any of the questions below, please explain your answer on the back of this sheet.

Yes__ No__ 1. Have you received and personally reviewed the Area Development Agreement, the Franchise Agreement and each exhibit and schedule attached to them?

Yes__ No__ 2. Have you received and personally reviewed the Franchise Disclosure Document ("Disclosure Document") we provided?

Yes__ No__ 3. Did you sign a receipt for the Disclosure Document indicating the date you received it?

Yes__ No__ 4. Do you understand all the information contained in the Disclosure Document, the Area Development Agreement and the Franchise Agreement?

Yes__ No__ 5. Have you reviewed the Disclosure Document, the Area Development Agreement and the Franchise Agreement with a lawyer, accountant or other professional advisor?

Yes__ No__ 6. Have you discussed the benefits and risks of developing and operating a Guthrie franchise with an existing Guthrie's franchisee?

Yes__ No__ 7. Do you understand the risks of developing and operating a Guthrie's franchise?

Yes__ No__ 8. Do you understand the success or failure of your franchise will depend in large part upon your skills, abilities and efforts and those of the persons you employ, as well as many factors beyond your control such as weather, competition, interest rates, the economy, inflation, labor and supply costs, lease terms and the marketplace?

Yes__ No__ 9. Do you understand we have only granted you a limited territorial protection against us locating another Guthrie's restaurant near your Restaurant as stated in your Franchise Agreement and that another Guthrie's franchise or company-owned restaurant may open anywhere outside your limited protected territory?

Yes__ No__ 10. Do you understand we and our affiliates retain the exclusive unrestricted right to engage, directly or through others, in the production, distribution and sale of food products and other products under the Guthrie's name or other mark, at any location, other than a Guthrie's restaurant within your limited protected territory, or by any method of distribution even within your limited protected territory, and these other restaurants or methods of distribution may compete with your Restaurant and adversely affect its sales?

Yes__ No__ 11. Do you understand that the only radius restriction concerning where another franchised or company Guthrie's restaurant may open is the limited protected territory specified in your Franchise Agreement?

Yes__ No__ 12. Do you understand that most disputes or claims you may have arising out of or relating to the Area Development Agreement and/or the Franchise Agreement must be litigated or arbitrated in Birmingham, Alabama?

Yes__ No__ 13. Do you understand that you and your manager(s) must satisfactorily complete our initial training course before we will allow your Restaurant to open?

Yes__ No__ 14. Has any employee or other person speaking on our behalf made any statement or promise regarding the costs involved in operating a Guthrie's franchise that is not contained in the Disclosure Document or that is contrary to, or different from, the information contained in the Disclosure Document?

Yes__ No__ 15. Has any employee or other person speaking on our behalf made any statement or promise or agreement, other than those matters addressed in the Area Development Agreement and the Franchise Agreement, concerning advertising, marketing, media support, marketing penetration, training, support service or assistance that is contrary to, or different from, the information contained in the Disclosure Document?

Yes__ No__ 16. Has any employee or other person speaking on our behalf made any statement or promise regarding the actual, average or projected profits or earnings, the likelihood of success, the amount of money you may earn, or the total amount of revenue a Guthrie's franchise will generate, that is not contained in the Disclosure Document or that is contrary to, or different from, the information contained in the Disclosure Document?

Yes__ No__ 17. Do you understand that the Area Development Agreement and the Franchise Agreement contain the entire agreement between us and you concerning the franchise for your Restaurant, meaning any prior oral or written statements not set out in the Area Development Agreement or the Franchise Agreement will not be binding?

YOU UNDERSTAND THAT YOUR ANSWERS ARE IMPORTANT TO US AND THAT WE WILL RELY ON THEM. BY SIGNING THIS QUESTIONNAIRE, YOU ARE REPRESENTING THAT YOU HAVE CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS.

Signature of Franchise Applicant	Signature of Franchise Applicant
Name (please print)	Name (please print)
Dated__________	Dated__________
Signature of Franchise Applicant	Signature of Franchise Applicant
Name (please print)	Name (please print)
Dated__________	Dated__________

Special note for residents of the State of Maryland and franchised businesses located in Maryland: Nothing in this Franchisee Disclosure Questionnaire shall act as a release, estoppel, or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

Explanation of any negative responses [refer to question number and use additional paper if necessary]:

EXHIBIT I

STATE SPECIFIC ADDENDA

(See attached)

ADDENDUM TO THE
GUTHRIE'S FRANCHISING, INC.,
FRANCHISE DISCLOSURE DOCUMENT
FOR THE COMMONWEALTH OF VIRGINIA

FOR RESIDENTS OF THE COMMONWEALTH OF VIRGINIA:

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the franchise agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

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.

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

None.

RECEIPT
(FRANCHISEE'S COPY)

This disclosure document summarizes certain provisions of the Franchise Agreement and other information in plain English. Read this disclosure document and all agreements carefully.

If Guthrie's Franchising, Inc. ("Company") offers you a franchise, the Company must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

If the Company does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state agencies identified in Exhibit E.

The franchisor is Guthrie's Franchising, Inc., located at 2320 Moore's Mill Road, Suite 600, Auburn, Alabama 36830. Its telephone number is (334) 887-6555.

Issuance Date: May 18, 2021

The sales agents for this offering are: Joe Kelly Guthrie, Matthew Myers, Andrew Gunkler and Rebecca Coan, Guthrie's Franchising, Inc., 2320 Moore's Mill Road, Suite 600, Auburn, Alabama 36830; (334) 887-6555.

The Company authorizes the respective state agencies identified on Exhibit F to receive service of process for it in the particular state.

I have received a disclosure document dated May 18, 2021, that included the following Exhibits:

Exhibit A - Franchise Agreement
Exhibit B - Area Development Agreement
Exhibit C - List of Current Franchisees
Exhibit D - List of Current Company-Owned Outlets
Exhibit E - Financial Statements
Exhibit F - List of State Agencies/Agents for Service of Process
Exhibit G - Confidential Operating Manual – Table of Contents
Exhibit H – Franchisee Disclosure Questionnaire
Exhibit I - State Specific Addenda

____
Date

____
Franchisee ____________________
Print Name ____________________

RECEIPT
(FRANCHISOR'S COPY)

This disclosure document summarizes certain provisions of the Franchise Agreement and other information in plain English. Read this disclosure document and all agreements carefully.

If Guthrie's Franchising, Inc. ("Company") offers you a franchise, the Company must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

If the Company does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state agencies identified in Exhibit E.

The franchisor is Guthrie's Franchising, Inc., located at 2320 Moore's Mill Road, Suite 600, Auburn, Alabama 36830. Its telephone number is (334) 887-6555.

Issuance Date: May 18, 2021.

The sales agents for this offering are: Joe Kelly Guthrie, Matthew Myers, Andrew Gunkler and Rebecca Coan, Guthrie's Franchising, Inc., 2320 Moore's Mill Road, Suite 600, Auburn, Alabama 36830; (334) 887-6555.

The Company authorizes the respective state agencies identified on Exhibit F to receive service of process for it in the particular state.

I have received a disclosure document dated May 18, 2021, that included the following Exhibits:

Exhibit A - Franchise Agreement
Exhibit B - Area Development Agreement
Exhibit C - List of Current Franchisees
Exhibit D - List of Current Company-Owned Outlets
Exhibit E - Financial Statements
Exhibit F - List of State Agencies/Agents for Service of Process
Exhibit G - Confidential Operating Manual – Table of Contents
Exhibit H – Franchisee Disclosure Questionnaire
Exhibit I - State Specific Addenda

______________________	______________________________
Date	Franchisee ______________________
	Print Name ______________________

You may return the signed receipt either by signing, dating and mailing it to Guthrie's Franchising, Inc. at 2320 Moore's Mill Road, Suite 600, Auburn, Alabama 36830, or by emailing a copy of the signed and dated receipt to Guthrie's Franchising, Inc. at matthew@guthrieschicken.com.