FRANCHISE DISCLOSURE DOCUMENT

Nation's Franchisor, Inc.
601 E. Walnut St., Garland, TX 75040
1 (888) 580-0803 / franchisor@nationsrestaurant.com / www.nationsrestaurants.com

The franchise is for a retail food establishment (a "Restaurant") under the name Nation's Giant Hamburgers offering a variety of hamburgers, shakes, grilled sandwiches, breakfast and pies.

The total investment necessary to begin operation of a Nation's Giant Hamburgers franchise ranges from $750,000 to $1,150,000. This includes $40,000 that must be paid to the franchisor for the first franchise. If you sign an Area Development Agreement under which you agree to open more than one Nation's Giant Hamburgers franchise, the total investment necessary to do so will range from $810,000 - $1,210,000 including $100,000 that must be paid to the franchisor, assuming a five unit development deal.

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

The terms of your contract will govern your franchise relationship. Do not rely on the disclosure document alone to understand your contract. Carefully read your contract. 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 (the "FTC"). You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, D.C. 20580. You can also visit the FTC's home page at www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

Issuance Date: April 18, 2024

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 gives you information about store 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 A includes financial statements. Carefully review these statements.
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 Nation's Giant Hamburgers restaurant 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 Nation's Giant Hamburgers 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 D.

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

Special Risks to Consider About *This* Franchise

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

Out-of-State Dispute Resolution. The franchise agreement requires you to resolve disputes with the franchisor by mediation and arbitration only in Texas. Out-of-state mediation or arbitration may force you to accept a less favorable settlement for disputes. It may also cost more to mediate or arbitrate with the franchisor in Texas than in your own state.

Short Operating Period. Although affiliates of the franchisor have been operating for 70 years, the franchisor itself is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.

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

TABLE OF CONTENTS

EXHIBITS

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

The Franchisor, Its Predecessors

To simplify the language in this Disclosure document we will use certain shorthand terms to identity parties. The terms "Franchisor," "we" or "us" means Nation’s Franchisor, Inc.. "You" or "franchisee" means the person buying the franchise. Nation’s Franchisor, Inc. and you will occasionally be referred to together as the "parties." If the purchaser of the franchise is a business entity, "you" also includes each partner, shareholder, or other owner of that entity.

Nation’s Franchisor, Inc., is a Delaware limited liability company that was formed on December 12, 2022 to offer franchises for operating Nation’s Restaurants. While affiliates of the Franchisor have been operating for 70 years, the Franchisor itself does not have a parent or predecessor. The Franchisor does business under the names Nation’s, Nation’s Giant Hamburgers and Nation’s Giant Hamburgers and Great Pies.

The Franchisor has two affiliates that are relevant in this Disclosure Document. Nation’s Foodservice, Inc. (the “Restaurant Operator”) is a California corporation formed on November 3, 1975, with a principal place of business at 11090 San Pablo Avenue, Suite 200, El Cerrito, CA 94530. The Restaurant Operator owns and operates 29 Nation’s Giant Hamburgers restaurants and owns the trademarks associated with the brand.

Nation’s Foods, Inc. (the “Bakery”) is a California corporation formed on January 10, 1974, with a principal place of business at 11090 San Pablo Avenue, Suite 200, El Cerrito, CA 94530. The Bakery produces pies sold at Nation’s Giant Hamburger restaurants. The Franchisor has the right to establish a new entity, which will be either an affiliate or a subsdiary of the Bakery, that will operate a bakery in your local geographic area and will produce pies that you will sell. Any such bakery will be opened and operating prior to you opening your Restaurant.

The Franchisor's agent for service of process in Texas is the Texas Secretary of State, Registrations Unit, 1019 Brazos Street, Austin, TX 78701.

Business of the Franchisor and the Franchise Offered

Nation’s is a fast-casual restaurant serving giant hamburgers with tons of toppings, milkshakes, grilled sandwiches, breakfast and pies (the "Restaurant") using certain trademarks, service marks and commercial symbols including the name "Nation’s Giant Hamburgers" ("the Marks"). The Restaurant includes dine-in, take-out, and third party delivery options.

You will operate your Restaurant at a location (the "Premises") approved by the Franchisor within a specified territory (the "Protected territory") under the Franchisor's standard form of Franchise Agreement, a copy of which is attached as Exhibit B. If you become an Area Developer, you will sign the then-current form of Franchise Agreement for each subsequent Restaurant you have agreed to open, and that then-current Franchise Agreement may contain different terms than those in the standard form of Franchise Agreement included in this Disclosure Document.

The market for fast-casual restaurants serving this type of menu is highly developed. Your competitors will include other fast-casual restaurant chains, diner style restaurants featuring breakfast, and bakeries that offer pies. The business is not seasonal, although the availability and demand for specific pies can be seasonal.

Applicable Laws

Your Restaurant will be subject to local, state, and federal laws, including health and sanitation codes and regulations governing food preparation and food service businesses. These include requirements regarding safe food handling and storage techniques. You may also be subject to limitations on the type of to-go containers or other packaging or serving ware you may use, including prohibitions against single-use plastics. You will also subject to rules regarding mandatory menu labeling, including calorie disclosure, nutrition and allergen information. You should contact your local and state authorities for detailed information about these codes.

In California, a fast food worker law commonly referred to as AB 1228 went into effect in 2024. It requires California limited-service restaurant businesses that are part of a chain of 60 or more units to comply with certain wage minimums for hourly workers and also establishes a Fast Food Council division within the California Department of Industrial Relations that has authority to increase minimum wages and to suggest other regulations regarding minimum standards for health, safety and employment. As of the issuance date of this disclosure document, we do not have 60 or more Nation's restaurant units operating within the U.S.

Prior Business Experience

Nation's Giant Hamburgers began in 1952 as Harvey's, a restaurant selling hot dogs and also giant hamburgers with lots of toppings. In 1970, its name was changed to Nation's Giant Hamburgers, and the business has operated under that name ever since. As of the date of this Disclosure Document, the Restaurant Operator collectively owns and operates 28 Restaurants similar to the franchised Restaurants being offered in this Disclosure Document. The Franchisor was established to promote and establish franchised Restaurants similar to those owned and operated by the Restaurant Operator, but the Franchisor itself does not own or operate any Restaurants. Neither the Franchisor, its affiliates, nor any predecessor has offered franchises in any other lines of business.

ITEM 2
BUSINESS EXPERIENCE

President: Grant Power

Grant Power has been President since December 12, 2022. Grant has been the President and CEO of the Restaurant Operator since 2015. Grant joined Nation's in 2007.

CEO: Adam Smith

Adam Smith has been CEO since December 12, 2022. Adam has been the Executive Vice President of the Restaurant Operator since May 2022. Prior to joining the Restaurant Operator Adam was the Senior Vice President of Legal and Government Affairs for California

Resources Corporation ("CRC") in Los Angeles, California. Adam joined CRC's predecessor company in April 2011.

Vice President of Business Administration: David Ballot

David Ballot has been Vice President of Business Administration since December 12, 2022. David has been the Vice President of Business Administration of the Restaurant Operator since November 2016. David joined the Restaurant Operator in June 2004 as its Controller

Vice President of Supply Chain and Franchisee Support: John Haugh

John Haugh has been Vice President of Supply Chain and Franchisee Support since December 12, 2022. John has been the Director of Supply Chain and Franchisee Support of the Restaurant Operator since August 2022. Prior to joining the Restaurant Operator John was the Director of Supply Chain for Del Taco, which he joined in March 2012.

ITEM 3
LITIGATION

No material litigation is required to be disclosed in this Disclosure document.

ITEM 4
BANKRUPTCY

No bankruptcy is required to be disclosed in this Item.

ITEM 5
INITIAL FEES

Except as noted below, all franchisees pay a $40,000 lump sum franchise fee.

If you and we agree that you will enter into an Area Development agreement, we will discount the initial franchise fee by 25% for each subsequent unit you agree to develop after the first. You will pay us an initial fee in a lump sum calculated as $40,000 for the first unit you agree to open and 50% of the discounted initial franchise fee for each additional unit. The remaining 50% of the initial franchise fee for each additional unit will be payable to us at the time you sign the franchise agreement for that unit.

In all cases, the franchise fee is paid and fully earned when the Franchise Agreement or Area Development Agreement is signed and are nonrefundable under any circumstances

ITEM 6
OTHER FEES

NAME OF FEE	AMOUNT	DUE DATE	REMARKS
Royalty	5% of gross revenues	Weekly	Paid via Electronic Fund Transfer (EFT)

NAME OF FEE	AMOUNT	DUE DATE	REMARKS
Local Marketing	Up to 3% of gross revenues Currently 1% of gross revenues	Payable after receipt of invoice	Payable to local marketing and advertising vendors
System Marketing Fund	Up to 3% of gross revenues Currently 2% of gross revenues	Weekly	Paid via EFT, paid at the same time and manner as the royalty
Grand Opening Advertising	\$12,000 - \$15,000	Prior to opening	Payable to local marketing vendors and third parties. Total amount will be based on your and our agreement regarding your advertising and promotional opening strategy.
Additional Support and Training	\$500 per day plus expenses if the training takes place at the franchisee's location	As requested or required	Paid to the franchisor if franchisee requests additional training above normal training offerings or if additional training is required due to operating below required standards
Technology Fee	Up to \$200 a week, currently \$25	Weekly	For any technologies that the franchisor provides.
System Modifications	All reasonable costs and expenses associated with system modification	As required	If changes are made to the franchise system, franchisee must adapt the franchised business to conform to the changes. Examples may include new equipment, software or construction materials
Quality Assurance Audits	Up to \$500 per quarter	When service is provided	If franchisor retains a third-party firm to conduct quality assurance inspections.
Mystery Shopper Fee	Up to \$250 per month	When service is provided	If franchisor retains a third-party firm to conduct mystery shops

NAME OF FEE	AMOUNT	DUE DATE	REMARKS
Customer Resolution Fee	Actual costs plus $200	When service is provided	If franchisor must resolve a dispute with franchisee's customer for the good of the Nation's brand after franchisee has failed or refused to resolve the dispute.
Convention Fee	Currently $0	Prior to scheduling a national convention or national business meeting	Franchisee will pay all travel fees to attend. At this time the Nation's does not charge an attendance fee
Successor Fee	25% of the then-current initial franchise fee	Prior to the execution of the successor agreement	
Relocation Fee	75% of the then-current initial franchise fee	50% of the fee will be paid when Nation's agrees to work with the franchisee on the site transfer. The remaining 50% would be paid upon acceptance of the franchisee's new site	If approved to relocate the franchised location
Insurance Premiums	Amount of unpaid premiums plus expenses for obtaining the policies required	As required	Payable only if franchisee fails to maintain the types and limits of insurance that the franchisor requires for the franchised business
Transfer Fee (to new buyers)	75% of the then-current initial franchise fee	At the time of transfer	If the transferee is new to the Nation's franchise system
Transfer Fee (to existing franchisees)	50% of the then-current initial franchise fee	At the time of transfer	If the transferee is an existing franchisee to the Nation's franchise system

NAME OF FEE	AMOUNT	DUE DATE	REMARKS
Transfer Fee (within your ownership structure)	$2,500	At the time of transfer	If the transfer is simply transferring shares between the existing owners that have already been approved by Nation's, or if adding a new shareholder that does not change the majority ownership in the franchisee entity
Prohibited Product or Service	$250	Per day	Due if franchisee uses unauthorized products or services.
Late Payment Fee	$50	Per day	Due if the franchisee is late in paying royalties, marketing fund contribution or technology fees
Insufficient Funds Fee	Currently $200	As required	An insufficient funds fee is due at any time an EFT withdrawal is denied due to insufficient funds in the franchisee's account
Supplier and Product Evaluation Fee	Actual cost plus travel expenses	As incurred	The franchisee must comply with the chain management system ("supply chain management system") used to manage product quality and product inventory at each restaurant
Interest	Interest equal to the lesser of 1.5% per month or the highest rate allowed by law on all past due amounts	On demand	May be charged on all past due amounts, including the monthly balance of principal and interest
Temporary Management Assistance	10% plus any travel and lodging expenses	Each week that it applies	If franchisee breaches the franchise agreement or following the death or incapacity of an owner of the franchise, the franchise may temporarily manage the franchise business

NAME OF FEE	AMOUNT	DUE DATE	REMARKS
Audit Expenses	Cost of audit and inspection, any understated amounts, interest and any related accounting and legal expenses	On demand	Franchisee will be required to pay if the audit reveals that the franchisee understated gross sales by 2% or more, or franchisee fails to submit required reports
Indemnification & Reimbursement of Legal Expenses	Actual costs of our legal fees and expenses	As incurred	Payable only if your obligation to indemnify us or to pay our attorneys' fees or costs is triggered.
CPI Adjustment	All flat fees	As incurred	We have authority to periodically adjust the flat fee amounts stated in our Franchise Agreement.

All fees stated here are uniform. We reserve the right to change the type and amount of fees offered to new or renewing franchisees in the future.

All fees are payable to the Franchisor except as otherwise noted. All fees are non-refundable. You must pay fees due to us in the manner we designate, which may include electronic funds transfer from your bank account initiated by the Franchisor (ACH) or by some comparable electronic debit system.

ITEM 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT FOR OPENING A SINGLE UNIT

TYPE OF EXPENDITURE	ESTIMATED AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Initial Franchise Fee[1]	$40,000	Lump sum	At signing of Franchise Agreement	The Franchisor
Rent, including security deposit and rent through 3rd month of operation[2]	$36,000 - $54,000	Lump sum, then monthly	Initial payments due upon signing lease and monthly amounts due as specified by Landlord	Landlord

TYPE OF EXPENDITURE	ESTIMATED AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Utilities, including utility deposit	$15,000	Lump sum deposit, followed by monthly or bimonthly payment	Before construction and subsequently as specified by vendor	Vendor
Construction/ Leasehold Improvements [3]	$250,000 - $450,000	As arranged	During construction	Contractor
Design & Architectural Fees	$40,000 - $50,000	Lump sum	Before construction	Architect
Furniture, Fixtures Equipment[4]	$275,000 - $400,000	As arranged	Prior to opening	Suppliers
Signage[5]	$15,-00 - $20,000	As arranged	Prior to opening	Suppliers
POS/ Hardware/ Software/ Networking	$25,000 - $30,000	Lump sum	Prior to opening	Suppliers
Insurance (Quarterly)	$3,000 - $4,500	As arranged	Prior to opening	Suppliers
Initial Inventory/ Opening and Office Supplies[6]	$30,000 - $40,000	As incurred	Prior to opening	Suppliers
Business l[7]	$5,000 - $15,000	As incurred	Prior to opening	Municipalities
Professional Fees	$2,500 - $5,000	As incurred	Prior to opening	Attorney; accountant
Grand Opening Advertising [8]	$12,000 - $15,000	As incurred	One (1) month prior to the opening.	Suppliers
Working Capital [9]	$50,000 - $75,000	As incurred	As incurred	Suppliers
Estimated Total	$750,000 - $1,150,000			

<u>NOTES TO ITEM 7</u>

1 You will pay us a $40,000 initial franchise fee unless you qualify for a discount as described in Item 5.

2 The estimated rent is based on a triple net lease requiring an initial payment of the first month's rent and a security deposit, a rental range of $6 to $6.75 per square foot per month, plus two more months' rent payment, for a premise size of 1500 to 2000 square feet. The exact rental cost depends on the location, size, condition of the Premises, taxes, utility charges, and other expenses. No financing or improvement costs are included in the rent.

3 The cost of leasehold improvements will vary substantially depending on the size and age of the building, the market condition and the extent of the required leasehold improvements. You must make modifications and leasehold improvements to the Premises according to the Franchisor's specifications. We have estimated your costs as $100 to $200 per square foot, excluding any tenant improvement allowance. We recommend that you lease a space that has already been built out as a restaurant with a commercial kitchen, and our estimates are based on this recommendation. If you choose to lease a property that does not have commercial kitchen leasehold improvements, your costs will exceed our estimate.

4 Furniture, fixture and equipment include kitchen equipment, dining furniture, television, menu boards, phone system, surveillance system, office supplies, stereo system and related items. These costs will vary substantially depending on the size and age of the building, the type of fixtures and equipment desired, and the market conditions in your area. Kitchen equipment includes all of your kitchen appliances. If you acquire a business site with some equipment built in, you must check with us to determine whether the equipment is acceptable for operation of your Restaurant.

5 Our estimate includes your costs for exterior and interior signage.

6 Initial inventory consists of food purchases necessary for training and food products, smallwares, and cleaning and sanitation supplies for the opening of your Restaurant.

7 Our estimate for licenses and permits assumes that you will be able to obtain a beer and wine liquor license relatively easily. In some jurisdictions where significant restrictions on the issuance of new licenses exist, you might need to obtain a beer and wine liquor license from a private seller or using a third party broker, and your costs could substantially exceed this estimate.

8 Your Grand Opening expenses include costs to generate awareness of your business with an approved marketing vendor, recommended launch events, and promotional items to give-away at opening.

9 Our estimate for additional funds includes payroll, additional inventory and other expenses you will incur in your first three months of operation. It does not include owner compensation. We based these estimates on our knowledge of start-up costs incurred by our affiliates, and our market research. The total estimate for additional funds does not include a working capital cushion.

YOUR ESTIMATED INITIAL INVESTMENT
FOR AN AREA DEVELOPMENT AGREEMENT

(BASED ON 5 UNIT AGREEMENT)

TYPE OF EXPENDITURE	ESTIMATED AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Initial Franchise Fee[1]	$100,000	Lump sum	At signing of Franchise Agreement	The Franchisor
Costs for opening a single franchise unit other than the Initial Franchise Fee, as shown in prior table[2]	$710,000 - $1,110,000	As indicated in prior table	As indicated in prior table	As indicated in prior table
Total	$810,000 – $1,210,000			

1 Your initial franchise fee will depend on the number of Restaurants you agree to open. This estimate is based on five Restaurants. We do not currently offer Area Development Agreements for more less than three or more than five Restaurants.

2 When you sign the Area Development Agreement, you will begin developing the first Restaurant under that Agreement and your costs will be the same as shown in the prior table, other than the Initial Franchise Fee.

ITEM 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Designated and Approved Suppliers of Inventory, Suppliers and Equipment

The Franchisor's image depends on an integral network of similar Restaurants in a variety of locations, utilizing the Franchisor's uniform business system and providing uniform products and services, (particularly in the types and quality of Nation’s Giant Hamburgers food products). To maintain this image, all products and services sold within your Restaurant must be approved by our team.

You must use our approved suppliers for commercial brokerage services related to site selection, for preparing your accounting for your Restaurant, for supplying food and beverage inventory and ingredients, and to-go packaging.

All suppliers must demonstrate to the continuing reasonable satisfaction of the Franchisor the ability to meet the Franchisor's standards and specifications and possess adequate quality and sanitation controls and must be able to supply the franchisees' needs promptly, consistently and reliably. The Franchisor's internal standards and specifications are disclosed in its Operations Manual and may be modified by the Franchisor from time to time.

The Franchisor requires you to use an electronic POS system in your Restaurant and have an internet connection sufficient to support operation of the POS system and credit card systems. Currently, the Franchisor requires you to use and install a POS System supplied by an approved and designated supplier. More information about the required computer system is contained in Item 11.

If you wish to use a supplier or sell products or services not previously approved by us, you must first submit a written request for approval. As a condition of approval, we may require inspection or testing, at your expense, of requested suppliers, products or services and payment of all of our costs including reasonable attorneys' fees for review of the supplier and product or service. We will provide its criteria for approving suppliers upon a request that specifies the type of supplier. We will advise you of approval or disapproval within a reasonable time after receiving the request and conducting an evaluation. We have the right to re-inspect the facilities and products of any approved supplier and revoke its approval, if any has been granted, if the supplier fails to meet any of the Franchisor's then-current criteria. However, if an item is proprietary or we have designated a specific source for it, we are not obligated to evaluate or approve alternate suppliers. Additionally, we in our sole discretion may refuse to approve any new product or service you request to sell.

<u>The Bakery</u>

We will establish a local bakery in your area (the "Local Bakery"). The Local Bakery will supply all of your pies. To ensure customer satisfaction, the Local Bakery will be the only approved supplier for pies, and you will be required to order a minimum order quantity on a daily basis. The minimum order quantity will be between 20% and 25% of expected sales for your location based on historical sales. In the absence of historical sales we will calculate expected sales based on the location data and the Restaurant Operator's extensive data for similar locations. The Operations Manual will outline how to order from your Local Bakery and will state the shelf life for each pie. You will be required to follow the procedures in the Operations Manual for ordering and destroying pies that exceed the established shelf life. We will not approve alternate suppliers for pies.

The Franchisor will set the suggested retail price of the pies to the franchisee based on a variety of factors including labor and commodity prices. The Local Bakery will sell the pies to the franchisee for a price between 55% and 60% of the then applicable suggested retail price set by the Franchisor.

<u>Online Ordering and Third Party Delivery Services</u>

We use online ordering, our own Nation's app and third party delivery services to allow customers to order in advance and have their food available for dine in, pick up or delivery. You will be required to use the same third party delivery services that we currently use and will be required to promote their services and our own app in your store. You will also be required to participate in promotions that increase the use of our own and third party delivery services.

Required Insurance

You must obtain and maintain throughout the Franchise Agreement insurance that meets our minimum specifications concerning type and amount of coverage from insurance companies meeting our requirements. These specifications and standards may be changed from time to time. The current specifications and standards are as follows: You must obtain insurance from an insurer having a Best's rating of not less than A. Your policy may not have a property or liability deductible of more than $5,000.00 per occurrence. The policy or policies shall each include an endorsement naming us, our affiliates, and their respective officers, directors and employees as additional insureds on a primary and non-contributory basis with a waiver of subrogation in favor of Franchisor and providing for severability of interests so that the acts of Franchisee are not imputed to the us, our affiliates, and their respective officers, directors and employees. Your insurance policy or policies must provide at least the following coverage for each Restaurant:

(a) Comprehensive or Commercial General Liability insurance providing the following Combined Single Limit of liability for bodily injury and property damage and covering the following exposures on a per location basis.

(i) Public/General Liability: $1,000,000.00 per occurrence and $2,000,000.00 aggregate per location and $300,000 damage to rented premises per occurrence.

(ii) Products/Completed-Operations Liability: $2,000,000.00 aggregate per location and $1,000,000.00 Umbrella limit per location.

(iii) Personal and advertising injury: $1,000,000 aggregate limit.

(iv) Personal Medical injury coverage: $10,000 per person limit for medical coverage.

(v) Property insurance covering the full replacement cost of all of Franchisee's improvements, furnishings, equipment and inventory used in the Franchised Business.

(vi) Employee dishonesty coverage, covering $10,000 for one loss.

(vii) Forgery and alteration coverage, covering $10,000 for one loss.

(viii) Money and Securities (inside and outside) coverage, covering $5,000 for one loss.

(ix) Electronic equipment protection, covering $25,000 in annual aggregate.

(x) Interruption of computer operations coverage, $10,000 in annual aggregate.

(xi) Vehicle insurance covering all owned and non-owned vehicles used in the franchised business, of $1,000,000 combined single limit per accident.

(xii) Business Income/Interruption insurance (including Extra Expense) covering the actual loss sustained without any dollar limit, for not less than twelve (12) months.

(xiii) Such other insurance as may be required by any laws, including but not limited to Workers' Compensation insurance with statutory limits and any uninsured or underinsured motorist coverage for the Vehicle insurance.

In addition, we recommend, but do not require, that you also obtain employment practices liability insurance in the aggregate amount of $500,000.00 for each claim.

Modifications to those specifications and standards, if any, will be provided in the Confidential Operating Manuals (the "Manuals") or other writings from us.

Supplier Arrangements

We or our affiliates may receive rebates or other revenue or consideration from designated and approved suppliers or distributors as a result of purchasing arrangements. We are not required to contribute such rebates, revenue or other consideration toward marketing and may retain some or all of it. As of the date of this Disclosure Document, we had not received any rebates or revenue from any franchisee purchases.

We may negotiate purchase arrangements with a supplier or suppliers to provide food inventory and other products to the franchised and company-owned Restaurants. We may also negotiate prices on various items for the benefit of all Restaurants. We try to get favorable pricing terms from our vendors but cannot promise that the pricing vendors agree to extend will be the lowest possible pricing. Also, vendor pricing and rebate programs can be changed or discontinued by vendors in the future.

Franchisees do not receive any material benefit or inducement from us or our affiliates for using designated or approved suppliers.

Owners and officers of the Franchisor may have minority ownership interests in a variety of publicly traded companies. Some of these publicly traded companies or their affiliates could be approved or designated suppliers to Nation's Giant Hamburgers franchises. Other than this type of minority ownership, no officer or owner of Nation's Giant Hamburgers has any ownership interest in any of your suppliers other than the Bakery or an affiliate of the Bakery established in your area.

Required Purchases in Relation to All Purchases

We provide specifications that you must follow as to virtually all products, supplies, fixtures, equipment and other items needed to establish your Restaurant. These purchases will comprise almost 100% of your expenditures to establish the business other than what you spend on payroll, rent, utilities and miscellaneous services. The costs of goods and services you must purchase according to our specifications constitute about 85% to 90% of the total amount of your ongoing purchases to operate the Restaurant.

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. For purposes of this table, the sections referred to are those in the franchise agreement unless otherwise noted.

OBLIGATION		SECTION IN FRANCHISE AGREEMENT	SECTION IN AREA DEVELOPMENT AGREEMENT	ITEM IN THIS DISCLOSURE DOCUMENT
a.	Site selection and acquisition/lease	2.1(b), 3.8(a), 4.1(a)	1.1; Attachment A	Items 7 and 11
b.	Pre-opening purchases/leases	3.9(a), 4.1(e)	5	Items 7 and 8
c.	Site development and other pre-opening requirements	3.9(a), 3.10(g)	2.1 – 2.2; Attachment B	Items 7 and 11
d.	Initial and ongoing training	3.5(e), 3.10(g), 4.1(b)	6.1.1	Items 7 and 11
e.	Opening	3.4(b)-(c), 4.1(b)	6.1	Item 11
f.	Fees	3.1-3.7, 3.10(d)	5	Items 5 and 6
g.	Compliance with the Manuals	3.10(a)	Not applicable	Item 11
h.	Trademarks and proprietary information	1.2, 3.10(a)(i), 3.10(e)	1.1.2	Items 13 and 14
I.	Restrictions on products/services offered	3.10(c)-(d)	1.1.2	Items 8 and 16
j.	Warranty and customer service requirements	3.5(h)	Not applicable	None
k.	Territorial development and sales quotas	Not applicable	2.1-2.2	Item 12
l.	Ongoing product/ service purchases	3.10(d)	Not applicable	Item 8
m.	Maintenance, appearance, and remodeling requirements	2.3(b)(vii), 3.9(b), 3.10(k)	Not applicable	Item 11
n.	Insurance	3.17	Not applicable	Items 6 and 8
o.	Advertising	3.4	Not applicable	Items 6, 7 and 11
p.	Indemnification	3.16	10.2	Item 6

OBLIGATION	SECTION IN FRANCHISE AGREEMENT	SECTION IN AREA DEVELOPMENT AGREEMENT	ITEM IN THIS DISCLOSURE DOCUMENT
q. Owner's participation/ management/ staffing	3.10(f)	Not applicable	Items 15
r. Records and reports	3.6	Attachment C	Item 6
s. Inspections/audits	3.20, 3.21	Not applicable	Items 6 and 11
t. Transfer	6.1-6.6	7.3	Item 17
u. Renewal	2.3(b)	Not applicable	Item 17
v. Post-termination obligations	5.3	9.7	Item 17
w. Non-competition covenants	3.10(f), 5.3(g)(ii), 6.1(i)	8.1-8.2	Item 17
x. Dispute resolution	7.11	11.1	Item 17

ITEM 10
FINANCING

The Franchisor does not offer direct or indirect financing. The Franchisor does not guarantee your note, lease or obligation.

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

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

Pre-Opening Assistance and Service

1. We will designate a commercial real estate broker to work with you to identify proposed sites for your Restaurant. We will advise and consult with you in selecting an appropriate location from among your proposed locations and will provide you guidelines for recommended types of sites. We will look at photos, videos, demographic characteristics, traffic patterns, character of the neighborhood, nearby retail establishments, competition in the area, parking, the lease terms, and other information we may require you to provide. In evaluating your site suggestions, we focus on size and current improvements or lack of improvements at the property, location, demographics, density, visibility, signage options or landlord- or municipality-imposed limitations on signage, parking, foot traffic, vehicle traffic patterns, and proximity to competitive businesses. We will review and respond to your site suggestions within 10 calendar days, although we have the right to request additional information if we need it, and your delay

in providing us that information could extend the time for us to respond. If you are diligently searching for a site but cannot find one that meets our requirements, we will give you an extension of time of up to a maximum of 90 additional days on all applicable deadlines to allow you more time to find a location, but if you are unable to find a location within that time frame, we have the right to terminate your franchise agreement without refund. (Franchise Agreement - Section 4.1(a).)

2. We will specify the Protected territory. (Franchise Agreement -Section 2.1(b).)

3. We will provide you with a non-structural floor plan for the planning, designing, and construction of improvements to the Restaurant. (Franchise Agreement - Section 4.1(a).)

4. We will provide the initial training program to you and up to two other persons who will be key management personnel for your Restaurant. (Franchise Agreement - Section 4.1(b).)

5. We will provide on-site training at your Restaurant for your team members (managers, front of house and kitchen staff) for six days prior to the time of your soft opening. (Franchise Agreement – Section 4.1(b).)

6. We will provide you with access to our Operations Manual by providing digital access to an electronic copy. (Franchise Agreement – Section 4.1(c).)

7. We will provide you with initial copies of financial reporting forms as detailed in our Operations Manual. (Franchise Agreement - Section 4.1(d).)

8. We will assist you with planning your initial inventory orders from our designated suppliers. (Franchise Agreement – Section 4.1(e); 3.10(d).)

9. We will add your location to our website and populate it with contact information, hours of operation, and related information we request and you supply to us. (Franchise Agreement – Section 4.1(f).)

After the Restaurant Opens

1. We will provide two franchisee support personnel for on-site opening support and training at your Restaurant for one week after your opening. (Franchise Agreement –Section 4.1(b).)

2. We will provide periodic ongoing training for you and your key managers for up to six days per year. Although there will be no separate charge for these trainings, it will be your responsibility to pay all travel, living and wage expenses you or your managers incur while attending the seminars. Attendance at the training is mandatory for you and your key managers. (Franchise Agreement - Section 4.2(b).)

3. We will provide training for your new managers at a cost not to exceed $500 per day. It is your responsibility to pay all travel, living and wage expenses you or your managers incur while attending the training. (Franchise Agreement - Section 4.2(b).)

4. We will make personnel available for consultation, by phone, virtual meeting, email, or other remote method, concerning problems and questions arising in the day to day operation of your Restaurant. (Franchise Agreement - Section 4.2(c).)

5. We will provide, at reasonable times and frequency as it determines in our sole discretion, periodic field visits to the Restaurant by our representative to provide consultation, advice, and information concerning the operation and growth of your Restaurant. (Franchise Agreement - Section 4.2(a).)

6. We will disseminate periodic supplements and amendments to the Manuals as well as newsletters, emails, text messages, trend updates, and other information of general interest to all franchisees. (Franchise Agreement - Section 4.2(d).)

7. We will negotiate with suppliers to sell you inventory and supplies. We are not liable to you for any nonperformance or negligence of our suppliers. We will use reasonable commercial efforts to negotiate favorable terms with reliable suppliers, but we cannot dictate the pricing, delivery and other terms offered by its suppliers or control their performance. - Section 4.2(e).)

8. We will utilize the System Marketing Fund to direct, supervise and develop local, regional and other advertising and marketing programs. (Franchise Agreement - Sections 3.4(a), 4.2(f).) An unaudited accounting of the operation of the Fund will be prepared annually and made available to franchisees upon request.

9. We may, in our discretion, develop a system-wide loyalty program that encourages repeat customer business. You agree to participate in the loyalty program and honor the discounts provided by the program to qualifying customers. (Franchise Agreement - Section 3.10(i).)

Advertising

The Franchisor has implemented a System Marketing Fund (the "Fund") to which you are currently required to contribute 2% of your Gross Revenue. The amount of this contribution could be changed by the Franchisor on written notice, but cannot exceed 3% of Gross Revenue. The Fund is used solely for advertising, promotion and marketing.

As of the date of this Disclosure Document, we have not collected any contributions to the Fund.

We administer the Fund and have the right to direct all local, regional and national advertising, public relations and marketing programs for the system; to use the Fund to pay for these programs. We have the sole discretion over the creative concepts, materials and media used and its placement and allocation. We undertake no obligation in administering the Fund to make expenditures for your Protected territory that are equivalent or proportionate to your contribution, or to ensure that any particular franchisee benefits directly or pro rata from these programs. We may delegate some or all of the administration of the Fund to a third party.

The Fund may be used to meet any and all costs of maintaining, administering, directing and preparing marketing programs, including maintenance of the website and SEO and digital marketing efforts; the cost of preparing and conducting television, radio, magazine, newspaper, internet, direct mail, digital media, social media and other types of advertising; public relations activities, including, the cost of hiring agencies and the Franchisor's personnel to engage in public relations work; and employing advertising and public relations agencies and personnel. Advertising and public relations agencies and personnel may be composed of the Franchisor's employees or may be entities owned by or affiliated with the Franchisor if use of in house agencies is deemed best by the Franchisor, in which event the methods for determining the value of services rendered by the in house agency will be set forth in writing and may be charged to the Fund.

No part of the Fund is used to pay for any advertising to sell franchises. No sums paid by you to the Fund will be used to defray any of the Franchisor's general operating expenses, except for reasonable administrative costs and overhead, if any, as the Franchisor may incur in activities reasonably related to the administration or direction of the Fund and promotional programs, including, conducting marketing research, preparing marketing and advertising materials and collecting and accounting for assessments of the Fund. An accounting of the operation of the Fund will be prepared annually and made available to you upon request. The revenue and expenses of the Fund are currently audited as part of the Franchisor's annual audit, but the Franchise Agreement does not require that the Fund be separately audited.

You are not currently required to participate in any advertising cooperatives, but we have the right to require your participation in the future.

You must vigorously pursue and promote sales and activities leading to sales by the Restaurant. This includes a requirement for you to spend a minimum of 1% of revenue per month on local marketing. We do not currently designate a marketing vendor, but we have the right to do so in the future and you will be required to use the services of that vendor for your local advertising services. You must cooperate with the Franchisor and other franchisees in the system to promote and enhance the system.

All of your advertising must be completely factual and must conform to the highest standards of ethical advertising. You must refrain from any business or advertising practice that may damage the system or the goodwill associated with the Marks. All advertising and promotions by you in any form and in any medium shall be conducted in a dignified manner and must conform to such standards and requirements as the Franchisor may designate in writing. You must obtain our prior approval before launching any social media page, account or channel for your Restaurant, and we have the right to own those accounts, or to hold co-administrative rights to those accounts. You must submit to us in a written or tangible format, for prior written approval, samples of all advertising and promotional plans and materials that you desire to use and that have not been prepared or previously approved by the Franchisor. If written approval is not received by you, the Franchisor will be deemed not to have given the required approval. You are prohibited from creating or maintaining a separate website from our website.

Electronic Cash Registers/Computer System

At a minimum, we require that you use an electronic cash register or point of sale system ("POS") that records sales transactions by dollar amount, product category and quantity, calculates applicable tax, provides daily totals, and processes credit card, debit card and gift card transactions through a DSL or faster connection. We currently require use of the Aloha POS system. Depending on the size and volume of the Restaurant, which will determine the amount of hardware needed, your system will include the following: ordering terminals and cashier stations, printers for each station, and a file server. During the initial training program for your Restaurant, you will be trained on the use of the POS System.

We estimate that your cost of purchasing and implementing all computer equipment we require including the POS System is $25,000 to $30,000. The monthly cost to operate the system is $753 per month for two registers, for the software license, and you will also incur online order system fees which we estimate to be approximately $200 to $350 . We can require you to upgrade or otherwise change your POS or computer system from time to time.

We reserve the right to have on-line access to the sales and other data generated by your POS or computer system. We also have the right to require you to use an Internet connection meeting our specifications that will provide high speed, secure and reliable communications between your POS system, computer systems and other information systems and our computer systems and information systems. We may charge fees for any services rendered and products sold to you to operate your POS or computer system.

Time Required to Open the Restaurant

A location must be selected and a lease signed within 120 days of signing the Franchise Agreement. Improvements must be completed, equipment installed and the Restaurant must be opened within 12 months of the signing of the Franchise Agreement. The typical time for opening the Restaurant from the time you sign the Franchise Agreement is 9 to 12 months. The factors that affect this time period are the availability of suitable premises, lease negotiations, compliance with local zoning requirements, delayed equipment and fixtures delivery and installation, and delayed inventory delivery. You must open your Restaurant within 12 months of signing the Franchise Agreement, or we will have grounds for terminating your Franchise Agreement.

Training

After you are approved as a franchisee and sign a franchise agreement, there is a formal training at both a classroom and operational level that will consist of 10 days of training for you and two key managers. In addition, prior to your soft open our team will visit your Restaurant and provide six days of training for team. Your training will consist of a combination of classroom training on administrative and accounting matters and on the job training at a restaurant in Northern California.

After your opening we will provide two franchisee support personnel who will assist in the store and provide ongoing training for two weeks after opening.

Training is also scheduled and available as needed thought the year. Training materials include our Operations Manual and our Learning Management System. Its table of contents is attached in Exhibit G to this Disclosure Document.

The following table summarizes the content of our training program:

TRAINING PROGRAM
NATION'S GIANT HAMBURGERS

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
History of Nation's Giant Hamburgers	.5	0	El Cerrito, CA
Use of the Manual	.5	0	El Cerrito, CA
Tour of Nation's Giant Hamburgers	1	0	El Cerrito, CA
Pre-Opening Procedures	.5	0	El Cerrito, CA
Personnel Issues	.5	2	El Cerrito, CA
Advertising	.5	2	El Cerrito, CA
Management Procedures	.5	8	El Cerrito, CA
Franchise Reporting Requirements	.25	2	El Cerrito, CA
Accounting/Record keeping	.25	5	El Cerrito, CA
Customer Service Procedures	.5	8	El Cerrito, CA
Front/Back of House – Manager Duties	.5	20	El Cerrito, CA
Back of House – Prep/Cook Procedures	.5	20	El Cerrito, CA
Inventory Management	.5	5	El Cerrito, CA
POS System	.5	8	El Cerrito, CA
Cleaning Procedures	.5	8	El Cerrito, CA
Safety Procedures	.5	2	El Cerrito, CA
Totals	8	90	

Currently our training is performed by an approved and certified Training Manager selected by the Franchisor and our Operations staff. All Training Managers have at least one year of experience in the area in which they are training. All training will take place in El Cerrito, except for the training we provide to you on-site at your Restaurant.

ITEM 12
TERRITORY

We will grant you a protected territory, consisting of approximately 50,000 people. This protected territory will be defined by a map showing the outline of the protected territory granted to you. The size of your protected territory will be determined by us and will vary based on geography and population. You will determine and select the exact location of the Restaurant within this protected territory subject to our approval.

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

If your lease expires or is otherwise terminated before the end of the initial term of the Franchise Agreement, or any extension, and this termination is not caused by your default, you may select another suitable place of business within the protected territory, or if a location is not available in the protected territory then outside the protected territory, subject in all cases to our prior written approval, which will not be unreasonably withheld. Any relocation requires our prior approval and must be completed within six months of any loss of lease or closing of the Restaurant.

Your territory rights do not depend on achieving a certain sales volume or market penetration. While we will not change the protected territory without your consent, we have the right to withhold permission for you to offer catering with delivery entirely and to modify the territory in which you may offer catering and delivery. We will only approve your offering catering and delivery if we believe you are capable of executing upon our required standards and continuing to manage your Restaurant appropriately.

We have the right to open a restaurant within your protected territory in a "Non-Traditional Area." A Non-Traditional Area is a captive venue in which the vast majority of people who would visit the restaurant would be at the venue for another reason, such as an airport, a sports stadium, a military base, a convention center or an amusement park. We are not required to give you a right of first refusal to operate a restaurant at a Non-Traditional location within your protected territory.

There are no restrictions on the right of the Franchisor, our affiliates, or any franchisee to solicit orders from consumers within your protected territory, although we require you and other franchisees to focus your marketing efforts on your own protected territory. We reserve the right to acquire or build other brands in the future, and to sell through alternate channels of distribution, such as the internet, catalog sales, grocery store sales, or direct marketing within your territory, using either our principal marks licensed to you, or other marks owned by us. We would not be obligated to compensate you for any sales made by another entity within your Protected territory. Neither the Franchisor nor its Affiliates currently operate or franchise the operation of, or have any current plans or policies to operate or franchise the operation of, any business selling goods or services similar to or competitive with those to be offered for sale or lease by you in another channel of distribution or under trade names or trademarks different from those to be granted to you within the protected territories of our franchisees.

You are prohibited from selling wholesale, through catalogs, mail order or over the Internet or making off-site sales, including sales made through booths, kiosks or similar off-site locations, except as we may be expressly authorize. We have discretion in what action to take in response to franchisee violations of these prohibitions and policies.

Area Developers

If you sign an Area Development Agreement with us, we will assign you a territory ("Development Territory") within which you will develop all of the Restaurants that you agree to develop. As you develop individual Restaurants, we will assign an individual Protected territory to each one, following the steps outlined above.

While the Development Territory is assigned to you, we will not establish or license others to establish a Restaurant within the Development Territory, except that we may establish or approve a Restaurant within a Non-Traditional Location within your Development Territory unless we have agreed in you Development Agreement that you will open one or more Restaurants in a Non-Traditional Location.

We will not modify the Development Territory established for your Area Development Agreement within the term of that agreement, but at the end of your Area Development Agreement, whether due to your completion of the development requirement or due to expiration or termination, your rights in the Development Territory will end. You will retain only the individual protected territories established for each of the Restaurants you have developed.

Other Brands

Neither we nor our affiliates use any other trademarks. While we reserve the right to merge with or acquire another brand which may be used within your protected territory or Development Territory, we have no current plans to do so.

ITEM 13
TRADEMARKS

The principal trademarks used by the Franchisor that you are licensed to use are the Mark NATION’S, NATION’S GIANT HAMBURGERS, and the trademark and Design as reproduced on the cover page of this Disclosure Document.

The Restaurant Operator owns the following federally registered trademarks and applications for registration (collectively, the “Marks”) with the United States Patent and Trademark Office, and as to the registered trademark, it has filed all currently required statements associated with these. As to the pending applications, we do not have a federal registration for these principal trademarks. Therefore, these trademarks do not have as many legal benefits and rights as a federally registered trademark. If our right to use the trademark is challenged, you may have to change to an alternative trademark, which may increase your expenses.

Trademarks and Service Marks (Federal)	Registration Date / Application Date	Number
NATION’S	Reg. July 19, 1977	Reg. No. 1069916
SINCE 1952 NATION’S BURGERS • BREAKFAST • PIES	App. March 7, 2024	Ser. No. 98437411
BURGERS • BREAKFAST • PIES • NATION’S • SINCE 1952	App. February 21, 2024	Ser. No. 98414446

The Restaurant Operator entered into an exclusive intellectual property license with us, effective December 16, 2022, pursuant to which we are permitted to sublicense these Marks to you for use in your Restaurant(s). This license has an initial term of 10 years, and is subject to automatic renewal for an unlimited number of additional 10 year terms. It can only be terminated for failure to cure breaches regarding the quality or type of use of the Marks, our failure to pay required license fees, or for chronic and intentional misconduct that harms or is likely to harm the Marks.

There are no currently effective determinations of the United States Patent and Trademark Office, the trademark administrator or any court, pending interference, opposition or cancellation proceeding, or material litigation involving the above Marks.

You must notify us if you become aware of any unauthorized use of the Marks or a colorable imitation of the Marks, or if litigation involving the Marks is instituted or threatened against you, and to cooperate fully with the Franchisor in this regard. We or the Restaurant Operator have the right to control any litigation concerning the Marks.

We and the Restaurant Operator intend to take all steps reasonably necessary to preserve and protect the ownership and validity of the Marks. However, we are not expressly obligated by the Franchise Agreement to protect any rights granted to you to use the Marks, or to defend you against any claim of infringement or unfair competition. As between you and the Franchisor, the

Franchisor has the right to control any litigation or administrative proceeding involving the Marks.

We may at any time, in our sole discretion, modify, substitute or discontinue use of any Mark, and in that case you must comply with these changes at your expense within a reasonable period of time.

We are not aware of any superior prior rights or infringing uses that could materially affect your use of the principal trademarks.

We permit you to use our Marks in social media for promoting your franchise and our brand. However, your use of our Marks must be positive and enhance the goodwill of our system and the Marks and must comply with all applicable laws and relevant terms of use. We may require you to delete disparaging, negative, or unlawful content connected to our Marks.

ITEM 14
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

The Franchisor owns no patents and has no copyright registrations that are material to the franchise. The Franchisor will loan you the Manuals. The Franchisor claims common law copyrights in the Manuals. The Franchisor owns and will develop and acquire certain confidential and proprietary information and trade secrets consisting of (1) business methods, techniques, standards, procedures and formats of the System; (2) policies, procedures, information, concepts, systems and knowledge of and experience in the development, operation and franchising of Restaurants; (3) recipes, menu preparation and selection and combination of food items; (4) marketing programs for Restaurants; and (5) knowledge and specifications for and suppliers of certain materials, furniture, fixtures, furnishings, equipment, signs and decor for Restaurants (collectively the "Confidential Information"). The Franchisor will disclose to you the Confidential Information in the Manuals and in guidance and assistance furnished to you during the term of the Franchise Agreement. You will not acquire any interest in the Confidential Information and that the use of the Confidential Information in any other business would constitute an unfair method of competition with the Franchisor and other Restaurants. The Confidential Information belongs to the Franchisor, contains trade secrets belonging to the Franchisor and is disclosed to you and authorized for use solely on the condition that you: (1) will not use the Confidential Information in any other business or capacity; (2) will maintain the absolute secrecy and confidentiality of the Confidential Information during and after the term of the Franchise Agreement; (3) will not make unauthorized copies of any portion of the Confidential Information disclosed in written, physical or electronic form; and (4) will adopt and implement all reasonable procedures of the Franchisor's to prevent unauthorized use or disclosure of or access to the Confidential Information.

You must have your principals and managers execute and deliver to us a Confidentiality Agreement in the form of Exhibit 3 to the Franchise Agreement. An original of each executed Confidentiality Agreement must be kept on the Premises at all times and available for the Franchisor's inspection during normal business hours. You must, upon the Franchisor's request, deliver such copies of any Confidentiality Agreement requested by the Franchisor. The relationship with the Franchisor does not vest in you any interest in any Confidential Information other than the right to use it in the development and operation of the Restaurant under the Franchise Agreement and other than the right to use it in the development and operation of the Restaurant under the Franchise Agreement and other than the right to utilize it in the operation of the Restaurant during the term of this franchise and you must maintain the confidentiality of the Confidential Information during and after the term of the Franchise Agreement.

There are no administrative or judicial determinations relating to the common law copyrights, nor any agreements that limit the use of them. The Franchisor is not obligated to protect these copyrights. The Franchisor is not obligated to defend or indemnify you if you are made a party to any proceeding because of the common law copyrights.

There are no infringing uses actually known to the Franchisor that would materially affect your use of the Confidential Information.

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

An owner must serve as the designated approved manager and work full time in the franchised Restaurant. The designated approved manager must own at least 20% of the Restaurant.

All on-premises managers need to complete our training and any additional required training such as ServSafe training. If you hire or promote a new on-premises manager who has not attended initial training, that person must complete training before assuming the manager role and we will charge training fees to train that person.

As described in Item 14 above, you and all managers you employ must enter into a written agreement, in a form acceptable to the Franchisor regarding nondisclosure of the Confidential Information. During the term of the Franchise Agreement, neither you nor your partners or shareholders, or members of your respective immediate families may conduct or operate, directly or indirectly, or be employed by or associated in any way with any business which is competitive with the operation of the Restaurant. Neither you nor your partners or shareholders or members of your respective immediate families may engage in, directly or indirectly, or be employed by or associated in any way with any food service operation or other activities that would be detrimental to or interfere with the operation or management of the Restaurant.

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

The Franchise Agreement requires you to offer and sell only those foods, beverages and other products that the Franchisor approves in writing. You are also required to provide all food and beverage products authorized or required to be provided as part of the Franchisor's system, and to discontinue offering or selling any food or beverage product or service that the Franchisor may periodically disapprove.

Restrictions on delivery and catering services are described in Item 12. In addition, we may restrict which third-party services you use for delivery, and require that you obtain our approval before using a third-party service. In order to obtain our approval of a third-party delivery service, we will want to obtain information about the service including what insurance they carry and their food safety experience.

You are also required to participate in the Franchisor's customer loyalty program when it launches and to honor gift cards. The Franchisor has the right at any time to redefine the boundaries beyond which the Restaurant may not provide services or products.

ITEM 17
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

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

THE FRANCHISE RELATIONSHIP

PROVISION	SECTION IN FRANCHISE AGREEMENT ("FA") AND AREA DEVELOPMENT AGREEMENT ("ADA")	SUMMARY
a. Term of the franchise	FA: 2.3(a) ADA: Attachment B	FA: 10 years. ADA: Variable, depending on the number of restaurants you will develop.
b. Renewal or extension of the term	FA: 2.3(b) ADA: N/A	FA: If you are not in default of the Franchise Agreement you can renew for up to two additional 5-year terms. ADA: No renewal.
c. Requirements for you to renew or extend	FA: 2.3(b)	FA: You may be required on renewal, at our option, to sign our then-current form of Franchise Agreement which may include materially different terms and conditions than your original contact. Additionally, you may only renew if you: are not in default of any performance obligations under the Franchise Agreement or Lease; satisfy any existing debts you owe the Franchisor or its Affiliate; sign release,

PROVISION	SECTION IN FRANCHISE AGREEMENT (“FA”) AND AREA DEVELOPMENT AGREEMENT (“ADA”)	SUMMARY
	ADA: N/A	and submit copy of renewal-related lease; remodel and/or expand Premises; add or replace furniture, fixtures, furnishings, equipment, signs and decor necessary to comply with Franchisor's then-current standards; pay renewal fee. ADA: Not applicable
d. Termination by you	FA: 5.1 ADA: None.	FA: You may terminate the Franchise Agreement only if Franchisor breaches and does not timely cure after you deliver written notice. If you terminate without cause, Franchisor may require you to pay liquidated damages of two times your annual royalties. ADA: You may terminate the Area Development Agreement only if Franchisor breaches and does not timely cure after you deliver written notice.
e. Termination by the Franchisor without cause	FA: None ADA: None	FA: None ADA: None
f. Termination by the Franchisor with cause	FA: 5.2 ADA: 9.1-.3	FA: Franchisor may terminate only for cause. See g and h below. ADA: Franchisor may terminate only for cause. See g and h below.
g. "Cause" - defined defaults which can be cured	FA: 5.2	FA: Failure to timely and accurately report Gross Revenues or to pay royalty fees or other amounts to Franchisor or its affiliates (10 days to cure after notice); Curable defaults under the Premises lease (applicable cure period in that agreement); Loss or lapse of insurance; certain health or

PROVISION	SECTION IN FRANCHISE AGREEMENT ("FA") AND AREA DEVELOPMENT AGREEMENT ("ADA")	SUMMARY
	ADA: 9.3	safety violations; Any other default under Franchise Agreement or operating procedures that is not the basis for immediate termination (30 days to cure after notice or must start cure in 10 days where defaults cannot be reasonably cured in 30 days). ADA: Failure to comply with any requirement in the agreement, including the development schedule; failure to pay fees for a restaurant to be developed; or failure to obtain required approvals or consents from Franchisor.
h. "Cause" - defined defaults which cannot be cured	FA: 5.2	FA: You fail to find a site or develop the Restaurant in a timely manner; fail to begin to operate the Restaurant in a timely manner; fail to successfully complete training program; abandon or transfer franchise without the Franchisor's approval; misrepresent or omit material facts in application; engage in conduct that creates an imminent threat to public health; engage in conduct that materially harms the goodwill of the brand; are convicted of felony or other criminal misconduct; make unauthorized transfer; make improper or unauthorized use of the Marks, trade secrets or Confidential Information; become insolvent, bankrupt or a receiver is appointed; fail for 10 days or more to comply with any federal, state or local law or regulation; multiple or repeated failures to comply with the Franchise Agreement in the same 12 month period regardless of whether prior defaults were cured after

PROVISION	SECTION IN FRANCHISE AGREEMENT (“FA”) AND AREA DEVELOPMENT AGREEMENT (“ADA”)	SUMMARY
	ADA: 9.2; 9.4	notice (See Note 2). ADA: Your conviction of a felony or other serious crime; your behavior that is reasonably likely to have an adverse effect on the brand; your attempt to transfer an interest in violation of the agreement; failure to identify a replacement operator in the event of a death or disability; breach of noncompetition covenants or confidentiality requirements; your false or fraudulent reporting to Franchisor; your sublicense of our marks or other property or other misuse of our intellectual property; or failure to cure a default within the time allowed or repeat of any default within 12 months. The Franchisor also has the right to terminate the Area Development Agreement if the law changes to make the Franchisor jointly and severally liable for any of your material obligations with respect to the Restaurant(s) you will develop, and the Franchisor will refund your unapplied payment for the terminated area if it elects to do so.
i. Your obligations on termination or nonrenewal	FA: 5.3	FA: Cease operation of business under system and Marks; immediately pay all sums you owe your creditors including all sums owed the Franchisor or its affiliates; vacate premises or lease; relinquish all rights and phone numbers, listings, and advertising privileges; remove or change signs, colors, menus or decor; offer to the Franchisor the right to repurchase all furniture, fixtures, furnishings,

PROVISION	SECTION IN FRANCHISE AGREEMENT ("FA") AND AREA DEVELOPMENT AGREEMENT ("ADA")	SUMMARY
	ADA: 8.2, 9.7	equipment, signs, decor and leasehold improvements of the Restaurant; return the Manuals and Confidential Information; abide by covenant not to compete. ADA: On termination, your rights in the development area terminate; only your rights in any territory granted under a valid franchise agreement remains.
j. Assignment of contract by the Franchisor	FA: 6.6 ADA: 7.1	FA: The Franchisor may freely assign to anyone who assumes the Franchisor's obligations. ADA: The Franchisor may freely assign to anyone who assumes the Franchisor's obligations.
k. "Transfer" by you – definition	FA: 6.1-6.4 ADA: 7.3	FA: Any assignment of the Franchise Agreement or the Restaurant or any part or all of the ownership of you, including voting stock, securities, partnership or sole proprietorship interests, voluntarily, involuntarily sold, issued or transferred. ADA: You are not permitted to subfranchise; your transfer includes your assignment or gift of all or any part of the assets in any Restaurant developed under the agreement or rights to develop additional Restaurants.
l. The Franchisor's approval of transfer by you	FA: 6.1	FA; You must have the Franchisor's prior written consent which will not be unreasonably withheld.

PROVISION	SECTION IN FRANCHISE AGREEMENT (“FA”) AND AREA DEVELOPMENT AGREEMENT (“ADA”)	SUMMARY
	ADA: 7.3	ADA: You must have the Franchisor's prior written consent which will not be unreasonably withheld.
m. Conditions for the Franchisor's approval of transfer	FA: 6.1 ADA: 7.3	FA: You must first notify Franchisor in writing of your intent to sell and Franchisor has right of first refusal; proposed transferee meets the Franchisor's qualifications standards; you are in good standing; payment of the required transfer fee; transferee signs then-current Franchise Agreement and Assignment Amendment; you assign to the transferee your leasehold interest; you sign general release; you enter into a non-compete agreement; you agree to subordinate debt of transferee to you; and the Franchisor approves terms of assignment. ADA: You must first notify Franchisor in writing of your intent to sell; proposed transferee meets the Franchisor's qualifications standards; you must be transferring all of the assets (partial transfers are not allowed); payment of the required transfer fee; you sign general release; you enter into a non-compete agreement; and the Franchisor approves terms of assignment.
n. The Franchisor's right of first refusal to acquire your business	FA: 6.3	FA: You must notify Franchisor in writing before offering to sell. Franchisor can match any offer within 30 days of written notice; reactivated if sale not completed in 60 days or if there are material changes in the terms of the sale. The Franchisor also has the right of first refusal to purchase your

PROVISION	SECTION IN FRANCHISE AGREEMENT (“FA”) AND AREA DEVELOPMENT AGREEMENT (“ADA”)	SUMMARY
	ADA: 7.3.4	stock or partnership interest. ADA: You must notify Franchisor in writing of any proposed transfer and Franchisor has the right to elect to purchase the business on the same terms.
o. The Franchisor's option to purchase your business	FA: 5.3, 5.4(e), 6.1, 6.3 ADA: 9.4	FA: The Franchisor has the right to purchase the Restaurant in two situations: (1) upon termination of the Franchise Agreement; or (2) if the applicable laws change to make the Franchisor jointly and severally liable with you for any material portion of your obligations in operating the Restaurant.. ADA: The Franchisor has the right to terminate the Area Development Arrangement and refund unapplied money if the applicable laws change to make the Franchisor jointly and severally liable with you for any material portion of your obligations in operating the Restaurant(s) to be developed.
p. Your death or disability	FA: 6.2 ADA: 7.3	FA: Your representative must complete transfer within 6 months from date of death or disability. ADA: Your representative must complete a transfer to another qualified owner within 6 months in the event of your death or disability.

PROVISION	SECTION IN FRANCHISE AGREEMENT (“FA”) AND AREA DEVELOPMENT AGREEMENT (“ADA”)	SUMMARY
q. Non-competition covenants during the term of the franchise	FA: 3.10(f) ADA: 8.1	FA: No involvement in competing business. No geographic limits. ADA: No involvement in any competing business. No geographic limits.
r. Non-competition covenants after the franchise is terminated or expires	FA: 5.3(g)(ii), 6.1(i) ADA: 8.2	FA: For 2 years from the effective date of termination, no competing within 10 miles of the Premises of the Restaurant. (See Note 3) ADA: For 2 years from the date of termination, no competing within 10 miles of any Restaurant.
s. Modification of the Franchise Agreement	FA: 7.2 ADA: 10.8	FA: Franchise Agreement may be modified only by written agreement. ADA: The agreement may be modified only by written agreement.
t. Integration/merger clauses	FA: 7.2 ADA: 10.8	FA: Only the terms of the franchise agreement are binding (subject to state law). Any representations or promises outside of the disclosure document and franchise agreement may not be enforceable. ADA: Only the terms of the area development agreement are binding (subject to state law). Any representations or promises outside of the disclosure document and area development agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	FA: 7.11	FA: Except for certain claims, all disputes must first be mediated between the parties. If mediation is unsuccessful, then the parties must

PROVISION	SECTION IN FRANCHISE AGREEMENT ("FA") AND AREA DEVELOPMENT AGREEMENT ("ADA")	SUMMARY
	ADA: 11.1	submit the dispute to arbitration in the county where our current headquarters are located (currently Dallas County, Texas). ADA: Except for certain claims, all disputes must first be mediated between the parties. If mediation is unsuccessful, then the parties must submit the dispute to arbitration in the county where our current headquarters are located (currently Dallas County, Texas).
v. Choice of forum	FA: 7.9 ADA: 11.2	FA: Mediation and arbitration must be in the county where our headquarters are located (currently Dallas County, Texas). ADA: Mediation and arbitration must be in the county where our headquarters are located (currently Dallas County, Texas).
w. Choice of law	FA: 7.9 ADA: 11.7	FA: Texas law applies. ADA: Texas law applies
x. Limitation claims	FA: 7.12 ADA: 11.5	FA: Claims must be made within 1 year from occurrence. ADA: Claims must be made within 1 year from occurrence.
y. Waiver of punitive damages	FA: 7.10 ADA: 11.6	FA: Franchisor and you waive right to collect punitive damages. ADA: Franchisor and you waive right to collect punitive damages.
z. Jury trial waiver	FA: 7.10	FA: Franchisor and you waive right to jury trial.

PROVISION	SECTION IN FRANCHISE AGREEMENT ("FA") AND AREA DEVELOPMENT AGREEMENT ("ADA")	SUMMARY
	ADA: 11.6	ADA: Franchisor and you waive right to jury trial.

ITEM 18
PUBLIC FIGURES

The Franchisor does not use any public figure to promote its franchise.

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.

As of the date of this FDD, we have no franchised units and 29 corporate restaurants. We provide historical information for 2021, 2022 and 2023 about our corporate units. In the four tables below, we show our average restaurant unit results, median restaurant unit results (calculated by averaging the results for our two middle-performing restaurants), the results for our highest performing restaurant, and the results for our lowest performing restaurant. We have excluded one unit that opened in 2022 from these calculations because it did not operate for a full year.

We have added the current costs of being a franchisee, specifically the royalty, System Marketing Fund, and Technology Fee costs, to our figures in the tables below. These are calculated the same way that they are for franchisees, as either percentages of total revenue or a flat monthly amount, although our corporate Restaurants do not pay these fees.

Nation's Giant Hamburgers Average Annual Store Results(1)

	2023	PGS*	2022	PGS*	2021	PGS*
SALES						
Food & Bev Sales	$1,766,646	76.4%	$1,767.582	76.6%	$1,713,750	76.4%
Pie Sales	$547,199	23.6%	$539,485	23.4%	$530,760	23.6%
GROSS SALES	$2,313,845		$2,307,067		$2,244,510	

	2023	PGS*	2022	PGS*	2021	PGS*
COST OF GOODS SOLD ("COGS")						
Food	$385,989	18.3%	$432,088	18.7%	$394,456	18.5%
Pies	$314,376	14.9%	$312,011	13.5%	$301,218	14.2%
Service Supplies	$50,395	2.4%	$53,842	2.3%	$47,654	2.2%
TOTAL COGS	$750,759	35.6%	$797,941	34.5%	$743,328	34.9%
EMPLOYMENT COSTS						
Service Labor	$352,704	16.7%	$374,385	16.2%	$322,602	15.2%
Manager & Asst Manager	$110,643	5.2%	$112,847	4.9%	$123,704	5.8%
Taxes, Benefits, Other	$81,721	3.9%	$68,960	3.0%	$66,710	3.1%
TOTAL EMPLOYMENT	$545,068	25.8%	$556,192	24.1%	$513,016	24.1%
NON WAGE OPER EXP						
Rent, CAM and Property Tax	$142,227	6.7%	$118,704	5.1%	$110,992	5.2%
3rd Party Delivery & Promotion Fees	$81,176	3.8%	$121,525	5.3%	$135,651	6.4%
Other Expenses	$183,638	8.7%	$276,494	12.0%	$229,724	10.8%
TOTAL NON WAGE OPER EXP	$407,042	19.2%	$516,723	22.4%	$476,367	22.4%
Royalty 5%	$115,692	5.5%	$115,353	5.0%	$112,226	5.3%
Marketing 1%	$46,277	2.2%	$46,141	2.0%	$22,445	1.1%
Tech Fee	$1,300	0.1%	$1,300	0,1%	$1,300	0.1%
TOTAL ADJUSTED NET INCOME	$447,707	21.2%	$273,417	11.9%	$375,828	17.7%

*Percentage of Gross Sales

(1) 9 restaurants in our system met or exceeded the gross sales and adjusted net income results in both 2023 and 2022. 12 restaurants in our system met or exceeded the gross sales and adjusted net income results showed in this table in 2021.

Nation's Giant Hamburgers Median Annual Store Results

	2023	PGS	2022	PGS	2021	PGS
SALES						
Food & Bev Sales	$1,385,036	65.5%	$1,668,459	79.2%	$1,696,037	79.3%
Pie Sales	$729,435	34.5%	$439,856	20.8%	$442,942	20.7%
GROSS SALES	$2,114,471		$2,108,315		$2,138,979	
COST OF GOODS SOLD ("COGS")						
Food	$306,153	14.5%	$419,142	19.9%	$398,380	17.7%
Pies	$415,853	19.7%	$246,369	11.7%	$239,730	10.7%
Service Supplies	$42,896	2.0%	$50,874	2.4%	$45,608	2.0%
TOTAL COGS	$764,902	36.2%	$716,385	34.0%	$683,718	30.4%
EMPLOYMENT COSTS						
Service Labor	$314,866	14.9%	$319,634	15.2%	$339,104	15.1%

	2023	PGS	2022	PGS	2021	PGS
Manager & Asst Manager	$109,030	5.2%	$132,373	6.3%	$93,295	4.2%
Taxes, Benefits, Other	$95,082	4.5%	$63,013	3.0%	$67,284	3.0%
TOTAL EMPLOYMENT	$518,978	24.6%	$515,020	24.5%	$499,683	22.3%
NON WAGE OPER EXP						
Rent, CAM and Property Tax	$217,697	10.3%	$119,823	5.7%	$112,845	5.0%
3rd Party Delivery & Promotion Fees	$61,132	2.9%	$144,007	6.8%	$176,952	7.9%
Other Expenses	$180,423	8.5%	$282,475	13.4%	$244,822	10.9%
TOTAL NON WAGE OPER EXP	$459,252	21.7%	$546,305	25.9%	$534,619	23.8%
Royalty 5%	$105,724	5.0%	$105,416	5.0%	$106,949	4.8%
Marketing 1%	$42,289	2.0%	$42,166	2.0%	$21,390	1.0%
Tech Fee	$1,300	0.1%	$1,300	0.1%	$1,300	0.1%
TOTAL ADJUSTED NET INCOME	$222,026	10.5%	$181,723	8.6%	$291,320	13.0%

Nation's Giant Hamburgers Maximum Annual Store Results

	2023	PGS	2022	PGS	2021	PGS
SALES						
Food & Bev Sales	$3,238,498	75.4%	$3,231,123	78.4%	$3,333,709	77.2%
Pie Sales	$1,054,296	24.6%	$891,824	21.6%	$982,695	22.8%
GROSS SALES	$4,292,794		$4,122,947		$4,316,404	
COST OF GOODS SOLD ("COGS")						
Food	$700,401	16.3%	$792,774	19.2%	$768,321	18.8%
Pies	$606,854	14.1%	$482,859	11.7%	$528,238	12.9%
Service Supplies	$106,466	2.5%	$96,534	2.3%	$96,652	2.4%
TOTAL COGS	$1,413,721	32.9%	$1,372,167	33.2%	$1,393,211	34.1%
EMPLOYMENT COSTS						
Service Labor	$631,344	14.7%	$705,045	17.1%	$665,177	16.3%
Manager & Asst Manager	$200,769	4.7%	$147,227	3.6%	$159,569	3.9%
Taxes, Benefits, Other	$147,396	3.4%	$122,200	3.0%	$110,862	2.7%
TOTAL EMPLOYMENT	$979,509	22.8%	$974,472	23.7%	$935,608	22.9%
NON WAGE OPER EXP						
Rent, CAM and Property Tax	$151,157	3.5%	$239,367	5.8%	$231,871	5.7%
3rd Party Delivery & Promotion Fees	$214,497	5.0%	$210,593	5.1%	$260,560	6.4%
Other Expenses	$262,540	6.1%	$428,226	10.4%	$380,014	9.3%
TOTAL NON WAGE OPER EXP	$628,194	14.6%	$878,186	21.3%	$872,445	21.4%
Royalty 5%	$214,640	5.0%	$206,147	5.0%	$215,820	5.3%
Marketing 1%	$85,856	2.0%	$82,459	2.0%	$43,164	1.1%
Tech Fee	$1,300	0.0%	$1,300	0,0%	$1,300	0.0%

	2023	PGS	2022	PGS	2021	PGS
TOTAL ADJUSTED NET INCOME	$969,574	22.6%	$608,216	14.8%	$854,856	21.0%

Nation's Giant Hamburgers Minimum Annual Store Results

	2023	PGS	2022	PGS	2021	PGS
SALES						
Food & Bev Sales	$852,660	66.8%	$1,231,031	88.9%	$1,058,331	87.5%
Pie Sales	$423,193	33.2%	$154,328	11.1%	$150,700	12.5%
GROSS SALES	$1,275,853		$1,385,359		$1,209,031	
COST OF GOODS SOLD						
Food	$190,340	14.9%	$293,526	21.2%	$239,679	22.3%
Pies	$230,845	18.1%	$97,235	7.0%	$94,672	8.8%
Service Supplies	$23,741	1.9%	$35,376	2.6%	$26,813	2.5%
COST OF GOODS SOLD	$444,926	34.9%	$426,137	30.8%	$361,164	33.6%
EMPLOYMENT COSTS						
Service Labor	$180,365	14.1%	$217,591	15.7%	$195,570	18.2%
Manager & Asst Manager	$68,546	5.4%	$122,112	8.8%	$116,971	10.9%
Taxes, Benefits, other	$44,253	3.5%	$48,895	3.5%	$41,653	3.9%
TOTAL EMPLOYMENT	$293,164	23.0%	$388,598	28.0%	$354,194	33.0%
NON WAGE OPER EXP						
Rent, CAM and Property Tax	$74,425	5.8%	$54,677	3.9%	$53,459	5.0%
3rd Party Delivery & Promotion Fees	$49,419	3.9%	$41,541	3.0%	$48,569	4.5%
Other Expenses	$149,113	11.7%	$202,475	14.6%	$165,749	15.4%
TOTAL NON WAGE OPER EXP	$272,957	21.4%	$298,693	21.5%	$267,777	24.9%
Royalty 5%	$63,793	5.0%	$69,268	5.0%	$60,452	5.6%
Marketing 1%	$25,517	2.0%	$27,707	2.0%	$12,090	1.1%
Tech Fee	$1,300	0.1%	$1,300	0.1%	$1,300	0.1%
TOTAL ADJUSTED NET INCOME	$174,196	13.7%	$173,656	12.5%	$152,054	14.2%

(1) This includes on-site and to-go packaging and utensils.

(2) This includes supplies, phone costs, armored car and guard expenses, credit card processing fees, utilities, repair costs, computer and technology costs, insurance and depreciation.

Some Restaurants have earned this amount. Your individual results may differ. There is no assurance you'll earn as much.

Written substantiation for this financial performance representation will be made available to you upon reasonable request.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
System-Wide Outlet Summary For the Fiscal Years of 2021, 2022 and 2023

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2021	0	0	0
	2022	0	0	0
	2023	0	0	0
Company Owned	2021	28	28	0
	2022	28	29	1
	2023	29	29	0
Totals	2021	28	28	0
	2022	28	29	1
	2023	29	29	0

Table No. 2
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For the Fiscal Years of 2021, 2022 and 2023

State	Year	Number of Transfers
All states	2021	0
	2022	0
	2023	0

Table No. 3
Status of Franchised Outlets
For the Fiscal Years of 2021, 2022 and 2023

State	Year	Outlets at Start of the Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations For Other Reasons	Outlets at End of Year
All states	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
Totals	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0

As of this Disclosure Document, we are offering franchises for the first time. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

Table No. 4
Status of Company-Owned Outlets For Years 2021, 2022 and 2023

State	Year	Outlets at Start of the Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
CA	2021	28	0	0	0	0	28
	2022	28	1	0	0	0	29
	2023	29	0	0	0	0	29
TOTALS	2021	28	0	0	0	0	28
	2022	28	1	0	0	0	29
	2023	29	0	0	0	0	29

The stores in the above table are owned and operated by the Affiliate.

Note: The addresses and telephone numbers of the company-owned Restaurants listed above are in Exhibit D-2.

Table No. 5
Projected New Franchised Outlets As of December 31, 2023

State	Unit Franchise Agreements signed But Outlet Not Opened as of December 31, 2023	Projected New Unit Franchised Outlets in the Next Fiscal Year (2024)	Projected New Company-Owned Outlet In the Next Fiscal Year (2024)
CA	0	5	0
TX	0	4	0
TOTAL	0	9	0

Note: There are no franchise organizations or associations in our system.

ITEM 21
FINANCIAL STATEMENTS

Attached as Exhibit A are reviewed financial statements of the Franchisor for the period ended January 31, 2023 and the audited financial statements for the period ended January 1, 2024. The Franchisor has not been operating long enough to have three years of audited financial statements. Our fiscal year end is January 31.

ITEM 22
CONTRACTS

Attached to this Disclosure document are the Franchise Agreement (Exhibit B), Area Development Agreement (Exhibit C) and Sample Form of General Release used in certain transactions with existing franchisees (Exhibit H).

ITEM 23
RECEIPTS

You will find copies of the receipt in Exhibit K at the very end of this Disclosure Document.

EXHIBIT A TO THE
NATION'S GIANT HAMBURGERS
DISCLOSURE DOCUMENT

FINANCIAL STATEMENTS

NATION'S FRANCHISOR, INC.

FINANCIAL STATEMENTS

JANUARY 31, 2024

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INDEPENDENT AUDITORS' REPORT

To Management
Nation's Franchisor, Inc.
Garland, Texas

Opinion

We have audited the accompanying financial statements of Nation's Franchisor, Inc. (the "Company"), which comprise the balance sheet as of January 31, 2024, and the related statements of income, changes in stockholders' deficit, and cash flows for the year 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 Nation's Franchisor, Inc. as of January 31, 2024, and the results of its operations and its cash flow for the year then ended in accordance with accounting principles generally accepted in the United States of America

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Nation's Franchisor, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 these 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 the Company's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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100 W. Liberty St., Suite 790, Reno, NV 89501
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Auditors' Responsibility 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 auditors' 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 are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment 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 financial 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 the Company'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 judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company'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.

Navolio & Tallman LLP

Walnut Creek, California
March 28, 2024

Nation's Franchisor, Inc.
Balance Sheet
January 31, 2024

Assets		
Current assets:		
Cash	$	39,474
Accounts receivable		40,000
Prepaid expenses		10,693
Unamortized franchise placement costs, current portion		3,020
Total current assets		93,187
Other assets:		
Unamortized franchise placement costs, non-current portion		26,928
Deferred tax asset		77,000
Purchase option, net of accumulated amortization		8,917
Deposit		3,200
Operating lease right-of-use asset, net		352,124
Total assets	$	561,356
Liabilities and stockholders' deficit		
Current liabilities:		
Accrued expenses	$	165
Accrued interest payable, related party		100
Accrued payroll		70,590
Current portion of operating lease liability		22,596
Current portion of deferred revenue		66,000
Due to related party		186,808
Total current liabilities		346,259
Long-term note payable to related party		1,109,000
Operating lease liability		346,235
Deferred revenue		53,500
Total liabilities		1,854,994
Stockholders' deficit:		
Common stock, $0.001 par value, 100,000,000 shares authorized, 91,000,000 shares issued and outstanding		91,000
Accumulated deficit		(1,384,638)
Total stockholders' deficit		(1,293,638)
Total liabilities and stockholders' deficit	$	561,356

See Accompanying Notes to Financial Statements

Nation's Franchisor, Inc.
Income Statement
For the Year Ended January 31, 2024

Revenue:	
Franchise fees	$ 500
Operating expenses:	
Salaries	366,140
Management services	240,000
Marketing	194,759
Consulting	69,412
Office	65,379
Employee benefits	61,138
Payroll taxes	29,849
Professional fees	29,155
Legal fees	27,187
Travel	6,074
Amortization	1,252
Total operating expenses	1,090,345
Loss from operations	(1,089,845)
Other income (expense):	
Interest income	20,413
Gains on sales of securities	3,321
Interest expense	(36,486)
Total other income (expense)	(12,752)
Loss before provision for income taxes	(1,102,597)
Income tax benefit	-
Net loss	$ (1,102,597)

See Accompanying Notes to Financial Statements

Nation's Franchisor, Inc.
Statement of Changes in Stockholders' Deficit
For the Year Ended January 31, 2024

	Common Stock Shares	Common Stock Amount	Accumulated deficit	Total
Balance - beginning of year, as previously reported	91,000,000	$ 91,000	$ (258,041)	$ (167,041)
Prior period adjustments:				
Marketing expense	-	-	9,000	9,000
Income tax benefit	-	-	(33,000)	(33,000)
Balance - beginning of year, as restated	91,000,000	91,000	(282,041)	(191,041)
Net loss	-	-	(1,102,597)	(1,102,597)
Balance - end of year	91,000,000	$ 91,000	$ (1,384,638)	$ (1,293,638)

See Accompanying Notes to Financial Statements

Nation's Franchisor, Inc.
Statement of Cash Flows
For the Year Ended January 31, 2024

Cash flows from operating activities:	
Net loss	$ (1,102,597)
Adjustments to reconcile net loss to net cash used in operating activities:	
Amortization	1,252
Noncash lease expense	16,707
Gains on sales of investments	(3,321)
Changes in assets and liabilities:	
(Increase) decrease in:	
Accounts receivable	(40,000)
Prepaid expenses	2,507
Franchise placement costs	(30,200)
Increase (decrease) in:	
Accrued expenses	(2,990)
Accrued interest payable, related party	(4,298)
Accrued payroll	70,590
Deferred revenue	119,500
Due to related party	(190,997)
Net cash used in operating activities	(1,163,847)
Cash flows from investing activities:	
Purchase of short term investments	(300,000)
Proceeds from maturity of short term investments	1,100,000
Purchase of securities	(374,622)
Proceeds from sales of securities	377,943
Net cash provided by investing activities	803,321
Net decrease in cash	(360,526)
Cash - beginning of year	400,000
Cash - end of year	$ 39,474
Supplemental disclosures of cash flow information:	
Cash payments for interest	$ 40,784
Noncash Activity:	
Operating lease right-of-use asset and operating lease liability	$ 372,732

See Accompanying Notes to Financial Statements

1. Nature of operations

Nation's Franchisor, Inc. (the "Company") is a Delaware corporation that was incorporated on December 12, 2022 to sell franchising opportunities to operate Nation's Giant Hamburgers restaurants beginning in the states of California and Texas (see Footnote 11 *Risks and uncertainties*).

Nation's Giant Hamburgers is a fast-casual restaurant serving hamburgers with toppings, milkshakes, grilled sandwiches, breakfast and pies using certain trademarks, service marks and commercial symbols including the name "Nation's Giant Hamburgers" ("the Marks"). The restaurant includes dine-in, take-out, and third party delivery options.

The Marks associated with the brand are owned by Nation's Foodservice, Inc. ("Foodservices"), a related entity. The Company secured an exclusive intellectual property license with Foodservices effective December 16, 2022, pursuant to which the Company is permitted to sublicense the trademarks to the franchisees for use in the restaurants (see Footnote 9 *Related-party transactions*).

2. Summary of significant accounting policies

Basis of presentation

These financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America.

Use of estimates

Management is required to make certain estimates and assumptions that affect amounts reported in the financial statements and these estimates are disclosed in the following notes. Actual results may differ from these estimates.

Cash

Cash consists of monies held in a business checking account.

Short term investments

Certificates of deposit with original maturities greater than three months and remaining maturities less than twelve months are classified as short term investments.

Fair value of financial instruments

The Company's carrying value of financial instruments approximates their fair values due to their short maturity or, for the note payable to related party, the stated interest rate approximates current rates.

2. Summary of significant accounting policies (continued)

Accounts receivable

Accounts receivable is comprised of franchise fees receivable from franchises. Delinquent franchise fees receivable are written off when they are determined to be uncollectible. As of January 31, 2024, the Company considers accounts receivable to be fully collectible.

Revenue recognition

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update No. 2014-09, *Revenue from Contracts with Customers* (Topic 606) ("ASU 2014-09") associated with revenue recognition. In February 2023, the Company elected the practical expedient of ASU 2014-09, *Franchisors-Revenue from Contracts with Customers: Practical Expedient,* whereby, the Company accounts for initial license fees as two performance obligations, which are recognized as the obligation milestones are met: 1) Related revenue associated with pre-opening services, valued at the services estimated standalone selling price, is recognized at store opening, and 2) Related revenue associated with the franchise license is recognized over the ten year franchise contract.

The company collects 5% of weekly gross sales as royalty fees from franchises, which are recognized when they are earned. During the year ended January 31, 2024, no royalty fees were earned.

Deferred revenue

Deferred revenue is from initial franchise fees received from franchises, which are recognized as performance obligations are met as described above. Initial franchise fees are due at contract execution. For the year ended January 31, 2024, the Company recognized $500 of franchise fees and deferred revenue of $119,500, of which $66,000 is classified as current on the balance sheet.

Franchise placement costs

Franchise placement costs consist of fees paid to a third party, which are incremental costs of obtaining franchise agreements. These costs are expensed over ten years, the term of the underlying franchise agreements.

Deferred taxes

The Company reports their deferred tax liabilities and deferred tax assets together as a single noncurrent item on the balance sheet.

2. Summary of significant accounting policies (continued)

Deferred taxes (continued)

Income taxes are accounted for using the asset and liability method. Under this method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities, and their respective tax-basis carrying amounts. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period in which the enactment date occurs.

The determination of current and deferred income taxes is a critical accounting estimate which is based on complex analyses of many factors including interpretation of federal and state income tax laws; the evaluation of uncertain tax positions; differences between the tax and financial reporting bases of assets and liabilities (temporary differences); estimates of amounts due or owed, such as the timing of reversal of temporary differences; and current financial accounting standards.

Additionally, there can be no assurance that estimates and interpretations used in determining income tax liabilities will not be challenged by federal and state taxing authorities. Actual results could differ significantly from the estimates and tax law interpretations used in determining the current and deferred income tax liabilities.

Consideration of whether a valuation allowance should be recorded against deferred tax assets is based on the likelihood that the benefits of the deferred tax assets will or will not ultimately be realized in future periods. In making such assessments, significant weight is given to evidence that can be objectively verified, such as recent operating results. However, additional consideration is also given to less objective indicators, such as future earnings projections and income tax planning strategies.

The Company has evaluated its deferred tax assets in accordance with these requirements. The amount currently reflected for deferred tax assets could be impacted by the Company's ability to meet its future earnings projections. For the year ended January 31, 2024, based on future projections, the Company recorded a valuation allowance of $232,000 against the deferred tax asset recorded on the balance sheet.

Purchase option

Expenditures for purchase option are capitalized and amortized over the useful life of the asset. The purchase option is the cost the Company paid for the option to purchase the intellectual property rights from Foodservices for a period of 10 years. The purchase option is amortized over 120 months.

2. Summary of significant accounting policies (continued)

Leases

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update No. 2016-02 ("ASU 2016-02"), *Leases*, effective for fiscal years beginning after December 15, 2021. ASU 2016-02 provides increased transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and requiring disclosure of key information about leasing transactions. In determining the present value of lease payments, the Company has elected the practical expedient to use the risk-free interest rate implicit in the lease. The Company adopted ASU 2016-02 as of February 1, 2023, the lease commencement date of an office lease with a related party (see Footnote 8 *Lease*).

Advertising

The Company expenses its costs for advertising when incurred. During the year ended January 31, 2024, the Company incurred $70,160 in advertising costs.

3. Prior period adjustments

During the year ended January 31, 2024, a prior period adjustment was recorded to prepaid expense and expense as a result of an error. The Company inadvertently recognized an expense in the fiscal year ended January 31, 2023 for services that were performed in the year ended January 31, 2024. The effect of this adjustment was a decrease to expense and a decrease to accumulated deficit in the amount of $9,000.

During the year ended January 31, 2024, a prior period adjustment was recorded to deferred tax asset and expense as a result of an error. The Company inadvertently recognized an expense for state taxes, however, there is no state tax in the state of incorporation. The effect of this adjustment was a decrease to income tax benefit and an increase to accumulated deficit in the amount of $33,000.

4. Concentrations

Financial instruments that potentially subject the Company to concentrations of credit risk consist of cash and certificates of deposit. Cash and certificates of deposit may, at times, exceed the insured amount of $250,000 provided by the Federal Deposit Insurance Corporation (FDIC). At January 31, 2024, the Company did not have cash deposits and certificates of deposit in excess of the FDIC insurance limits.

As of January 31, 2024, accounts receivable is comprised of the initial franchise fee for one franchise.

5. *Franchise placement costs*

Franchise placement costs capitalized during the year ended January 31, 2024 were $30,200. The amortization expense recognized for the year ended January 31, 2024 was $252.

Future estimated annual amortization for franchise placement costs for the years ending January 31 is as follows:

Year	Amount
2025	$ 3,020
2026	3,020
2027	3,020
2028	3,020
2029	3,020
Thereafter	14,848
Total	29,948
Less: current portion	(3,020)
Non-current portion	$ 26,928

6. *Income taxes*

Income tax benefit is comprised of the following at January 31, 2024:

Current tax benefit:	$ -
Deferred tax benefit	
Federal	232,000
State	-
Income tax benefit before allowance	232,000
Less: valuation allowance	(232,000)
Net income tax benefit	$ -

Components of the net deferred tax asset consist of the following at January 31, 2024:

Capitalized start up costs, net of amortization	$ 64,000
Net operating loss carryforward	245,000
Deferred tax asset before allowance	309,000
Less: valuation allowance	(232,000)
Net deferred tax asset	$ 77,000

6. *Income taxes (continued)*

The Company believes that it has appropriate support for the positions taken on its tax return. Therefore, as of January 31, 2024, the Company had no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. The Company recognizes interest accrued related to unrecognized tax benefits in interest expense and penalties in operating expenses. During the year ended January 31, 2024, no interest or penalties were incurred.

At January 31, 2024, the Company has federal loss carryforwards of approximately $1,167,000 that can be carried forward indefinitely.

7. *Purchase option*

The net purchase option as of January 31, 2024 is as follows:

Purchase option	$	10,000
Accumulated amortization		(1,083)
Purchase option, net	$	8,917

Amortization expense for the year ended January 31, 2024 was $1,000.

Future estimated annual amortization expense for the purchase option for the years ending January 31 is as follows:

Year		Amount
2025	$	1,000
2026		1,000
2027		1,000
2028		1,000
2029		1,000
Thereafter		3,917
Total	$	8,917

8. *Lease*

On February 1, 2023, the Company entered into an operating lease agreement with a related party to lease office space for a term of thirteen years and eleven months, with rent payments commencing on August 1, 2023 at a rate of $3,000 per month. The monthly rent is subject to annual increases based on a calculation utilizing the consumer price index two months prior to the annual anniversary of rent commencement. The Company elected the practical expedient to use a risk-free interest rate of 3.77% as the discount rate to calculate the lease asset and liability, which valued the right-of-use asset obtained at $372,732. During the year ended January 31, 2024, the Company paid $18,000 in rent and recognized noncash lease expense of $16,707, for a total lease expense of $34,707.

The following is a summary of future minimum lease payments net present value as of January 31 for the years ending are as follows:

Year	Amount
2025	$ 36,000
2026	36,000
2027	36,000
2028	36,000
2029	36,000
Thereafter	285,000
Total lease payments	465,000
Less: interest	(96,169)
Present value of lease liabilities	$ 368,831

9. *Related-party transactions*

Related entities of the Company include Nation's Foodservice, Inc., Nation's Foods, Inc. (the "Bakery"), and NGH Dallas Bakery, LLC ("NGH"). These entities have common ownership and management. Foodservices owns and operates 29 Nation's Giant Hamburgers restaurants and owns the trademarks associated with the brand. The Company has the right to operate a franchise business under which the Company would authorize third parties to operate fast casual retail food establishments based on the use of certain Foodservices trademarks and business methods. The Bakery produces pies sold at Nation's Giant Hamburger restaurants. NGH is the landlord of the office space leased by the Company.

The Company entered into a Management Services Agreement with Foodservices on December 12, 2022 in which Foodservices will provide management services for a period of one year from the effective date of the agreement, with annual automatic renewals until the agreement is terminated. The monthly management fee is $20,000 which represents payment for the allocation of time provided by Foodservices' management. The Management Services include various management services, accounting and financial services, and software use and support. During the year ended January 31, 2024, the Company recognized $240,000 in management services expense.

9. Related-party transactions (continued)

Due to related party primarily originates from expenses paid by Foodservices on behalf of the Company. The balance due will be repaid as cash flow permits. As of January 31, 2024, the due to related party balance is comprised of the following transactions for the year ended January 31, 2024:

Due to related party at January 31, 2023	$	377,805
Expenses paid by Foodservices on behalf of the Company for salaries, marketing, consulting, office, employee benefits, payroll taxes, professional fees, legal fees, and travel		698,803
Placement fee paid by Foodservices		30,200
Management services due to Foodservices		240,000
Purchase option payment to Foodservices		(10,000)
Payments to Foodservices		(1,150,000)
Due to related party at January 31, 2024	$	186,808

As noted above, the Company entered into an exclusive Intellectual Property License agreement with Foodservices. Included in the agreement is a purchase option commencing on the date of the agreement and running for a period of 10 years subject to automatic renewal for an unlimited number of additional ten year terms (the "Option Period") in which Foodservices granted the Company an exclusive option to purchase all of Foodservices' right, title and interest in and to any or all of Foodservices intellectual property rights and know-how for a defined sum of money. The cost of the purchase option was $10,000 and was paid on February 16, 2023. Under the agreement, the Company will pay a royalty to Foodservices within 60 days following the end of each calendar quarter during the Option Period. The royalty is based on 10% of net royalties charged to franchisees and accrued during the applicable calendar quarter. No royalties were charged to franchisees in the year ended January 31, 2024, therefore no royalty was due to Foodservices.

On December 19, 2022, the Company executed a loan agreement with Foodservices. The loan accrues interest at the rate of 3.29% per annum on the principal amount with interest payments being due annually on the anniversary date of the loan issuance. The note becomes due on December 19, 2027. During the year ended January 31, 2024, the Company recognized $36,486 of interest expense and made interest payments to Foodservices in the amount of $40,784. As of January 31, 2024, the outstanding principal balance on the loan was $1,109,000 and accrued interest payable was $100.

On January 27, 2023, Foodservices entered into an agreement for marketing consulting for $10,000 per month for a twelve month period. The agreement was cancelled after four months, resulting in a total amount paid by Foodservices of $40,000. The Company shared the cost of the consultant and reimbursed Foodservices $20,000.

9. Related-party transactions (continued)

On February 1, 2023, the Company entered into an agreement with NGH to lease office space for a term of thirteen years and eleven months (see Footnote 8 *Lease*).

On February 14, 2023, Foodservices entered into an agreement for employee training services for $26,817 over a twelve month period. The Company shared the cost of the services and reimbursed Foodservices $13,409.

10. Commitments

In October, 2022, The Company entered into an agreement with a consultant and general advisor for the marketing and sales of franchise units. The vendor has sole and exclusive rights for selling franchise units. There is a monthly service fee of $3,200 and a placement fee of $15,100 for each franchise unit or territory sold. For franchise or territory re-sales, there is a fee due calculated at the greater of 10% of the total sales price or a minimum of $25,000. The agreement commenced on October 8, 2022 and will continue indefinitely until termination which can be initiated by the Company or the vendor for any reason upon sending written notice of intent to terminate. Once intent is received by either party, there will be a three month termination period that begins in the month after the intent to terminate is received. During the termination period the Company will continue to pay the monthly service fee, placement fees, and re-sale fees in the termination period. Sales and marketing expense related to the monthly service fee for the period ended January 31, 2024 was $41,380. Placement fees capitalized during the year ended January 31, 2024 were $30,200. There were no expenses incurred for re-sales in the same period.

In January, 2024, The Company entered into an agreement with a consultant and general advisor for franchise development marketing. The agreement commenced on January 1, 2024 and will continue through December 2024. Fees in the amount of $47,800 are due to the consultant by December 31, 2024. Consulting expense related to the services provided for the period ended January 31, 2024 was $5,000.

11. Risks and uncertainties

The Company just began operations in 2023, and is subject to different and varied risks, including entering Texas, a new market in which Nation's Giant Hamburgers is an unknown restaurant. To date the Company has experienced operating losses and negative cash flows from operations. Whether and when the Company can attain profitability and positive cash flows from operations is uncertain. Foodservices has provided the major part of the Company's working capital requirements through loans and advances and has committed to additional funding until the Company can attain profitability. Therefore, these financial statements were prepared on a going concern basis that assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business. As a result, the financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

12. Subsequent events

The Company has evaluated and reviewed subsequent events through March 28, 2024, the date these financial statements were issued. There were no material subsequent events that required recognition or additional disclosure in these financial statements.

NATION'S FRANCHISOR, INC.

FINANCIAL STATEMENTS

FOR THE PERIOD FROM DECEMBER 12, 2022 (DATE OF INCEPTION)
TO JANUARY 31, 2023

Contents **Page**

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To Management
Nation's Franchisor, Inc.
Garland, Texas

We have reviewed the accompanying financial statements of Nation's Franchisor, Inc., which comprise the balance sheet as of January 31, 2023, and the related statements of income, changes in stockholders' deficit, and cash flows for the period from December 12, 2022 (Date of Inception) to January 31, 2023, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

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

Accountants' Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of Nation's Franchisor, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Accountants' Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Navolio & Tallman LLP

Walnut Creek, California
March 20, 2023

Nation's Franchisor, Inc.
Balance Sheet
January 31, 2023

Assets		
Current assets:		
Cash	$	400,000
Prepaid expenses		4,200
Short term investments		800,000
Total current assets		1,204,200
Other assets:		
Deferred tax asset		110,000
Purchase option, net of accumulated amortization		9,917
Deposit		3,200
Total assets	$	1,327,317
Liabilities and stockholders' deficit		
Current liabilities:		
Accrued expenses	$	3,155
Accrued interest payable, related party		4,398
Due to related party		377,805
Total current liabilities		385,358
Long-term note payable to related party		1,109,000
Total liabilities		1,494,358
Stockholders' deficit:		
Common stock, $0.001 par value, 100,000,000 shares authorized, 91,000,000 shares issued and outstanding		91,000
Accumulated deficit		(258,041)
Total stockholders' deficit		(167,041)
Total liabilities and stockholders' deficit	$	1,327,317

Nation's Franchisor, Inc.
Income Statement
For the Period From December 12, 2022 (Date of Inception) to January 31, 2023

Operating expenses:	
Legal fees	$ 209,367
Consulting	94,925
Management services	32,258
Marketing	12,968
Travel	6,360
Logo design	4,062
Office	3,620
Total operating expenses	363,560
Other expenses:	
Interest expense	4,398
Amortization	83
Total other expenses	4,481
Loss before provision for income taxes	(368,041)
Income tax benefit	110,000
Net loss	$ (258,041)

Nation's Franchisor, Inc.
Statement of Changes in Stockholders' Deficit
For the Period From December 12, 2022 (Date of Inception) to January 31, 2023

	Common Stock		***Accumulated***	
	Shares	***Amount***	***deficit***	***Total***
Balance - beginning of period	-	$ -	$ -	$ -
Common stock issued	91,000,000	91,000	-	91,000
Net loss	-	-	(258,041)	(258,041)
Balance - end of period	91,000,000	$ 91,000	$ (258,041)	$ (167,041)

Nation's Franchisor, Inc.
Statement of Cash Flows
For the Period From December 12, 2022 (Date of Inception) to January 31, 2023

Cash flows from operating activities:	
Net loss	$ (258,041)
Adjustments to reconcile net loss to net cash provided by operating activities:	
Deferred tax provision	(110,000)
Amortization	83
Changes in assets and liabilities:	
(Increase) in:	
Prepaid expenses	(4,200)
Deposit	(3,200)
Increase in:	
Accrued expenses	3,155
Accrued interest payable, related party	4,398
Due to related party	367,805
Net cash provided by operating activities	-
Cash flows from investing activities:	
Purchase of short term investments	(800,000)
Net cash used in investing activities	(800,000)
Cash flows from financing activities:	
Proceeds from long-term note payable to related party	1,109,000
Proceeds from common stock purchases	91,000
Net cash provided by financing activities	1,200,000
Net increase in cash	400,000
Cash - beginning of period	-
Cash - end of period	$ 400,000
Noncash activity:	
Cost of purchase option	$ 10,000

See Independent Accountants' Review Report and Notes to Financial Statements

1. Nature of operations

Nation's Franchisor, Inc. (the "Company") is a Delaware corporation that was incorporated on December 12, 2022 to sell franchising opportunities to operate Nation's Giant Hamburgers restaurants beginning in the states of California and Texas (see Footnote 8 *Risks and uncertainties*).

Nation's Giant Hamburgers is a fast-casual restaurant serving hamburgers with toppings, milkshakes, grilled sandwiches, breakfast and pies using certain trademarks, service marks and commercial symbols including the name "Nation's Giant Hamburgers" ("the Marks"). The restaurant includes dine-in, take-out, and third party delivery options.

The Marks associated with the brand are owned by Nation's Foodservice, Inc. ("Foodservices"), a related entity. The Company secured an exclusive intellectual property license with Foodservices effective December 16, 2022, pursuant to which the Company is permitted to sublicense the trademarks to the franchisees for use in the restaurants (see Footnote 6 *Related-party transactions*).

2. Summary of significant accounting policies

Basis of presentation

These financial statement have been prepared in conformity with accounting principles generally accepted in the United States of America.

Use of estimates

Management is required to make certain estimates and assumptions that affect amounts reported in the financial statements and these estimates are disclosed in the following notes. Actual results may differ from these estimates.

Cash

Cash consists of monies held in a business checking account.

Short term investments

Certificates of deposit with original maturities greater than three months and remaining maturities less than twelve months are classified as short term investments.

Fair value of financial instruments

The Company's carrying value of financial instruments approximates their fair values due to their short maturity or, for the note payable to related party, the stated interest rate approximates current rates.

2. *Summary of significant accounting policies (continued)*

Deferred taxes

The Company reports their deferred tax liabilities and deferred tax assets together as a single noncurrent item on the balance sheet.

Income taxes are accounted for using the asset and liability method. Under this method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities, and their respective tax-basis carrying amounts. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period in which the enactment date occurs.

The determination of current and deferred income taxes is a critical accounting estimate which is based on complex analyses of many factors including interpretation of federal and state income tax laws; the evaluation of uncertain tax positions; differences between the tax and financial reporting bases of assets and liabilities (temporary differences); estimates of amounts due or owed, such as the timing of reversal of temporary differences; and current financial accounting standards.

Additionally, there can be no assurance that estimates and interpretations used in determining income tax liabilities will not be challenged by federal and state taxing authorities. Actual results could differ significantly from the estimates and tax law interpretations used in determining the current and deferred income tax liabilities.

Consideration of whether a valuation allowance should be recorded against deferred tax assets is based on the likelihood that the benefits of the deferred tax assets will or will not ultimately be realized in future periods. In making such assessments, significant weight is given to evidence that can be objectively verified, such as recent operating results. However, additional consideration is also given to less objective indicators, such as future earnings projections and income tax planning strategies.

The Company has evaluated its deferred tax assets in accordance with these requirements. The amount currently reflected for deferred tax assets could be impacted by the Company's ability to meet its future earnings projections. For the period from inception through January 31, 2023, based on future projections, the Company did not record a valuation allowance against the deferred tax asset recorded on the balance sheet.

Intangibles

Expenditures for intangibles are capitalized and amortized over the useful life of the asset.

2. *Summary of significant accounting policies (continued)*

Advertising

The Company expenses its costs for advertising when incurred. There were no advertising costs for the period from the date of inception to January 31, 2023.

3. *Concentrations*

Financial instruments that potentially subject the Company to concentrations of credit risk consist of cash and certificates of deposit. Cash and certificates of deposit may, at times, exceed the insured amount of $250,000 provided by the Federal Deposit Insurance Corporation (FDIC). At January 31, 2023, the Company had $950,000, in cash deposits and certificates of deposit in excess of the FDIC insurance limits.

4. *Income taxes*

Income tax benefit is comprised of the following elements at January 31, 2023:

Current tax benefit:	$ -
Deferred tax benefit	
Federal	77,000
State	33,000
Income tax benefit	$ 110,000

Components of the net deferred tax asset consist of the following at January 31, 2023:

Capitalized start up costs, net of amortization	$ 97,000
Net operating loss carryforward	13,000
Net deferred tax asset	$ 110,000

The Company believes that it has appropriate support for the positions taken on its tax return. Therefore, as of January 31, 2023, the Company had no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. The Company recognizes interest accrued related to unrecognized tax benefits in interest expense and penalties in operating expenses. During the period ended January 31, 2023, no interest or penalties were incurred.

At January 31, 2023, the Company has federal loss carryforwards of approximately $42,200 that can be carried forward indefinitely.

5. Purchase option

The purchase option is the cost the Company paid for the option to purchase the intellectual property rights from Foodservices for a period of 10 years (see Footnote 6 *Related-party transactions*). The purchase option is amortized over 120 months. The net purchase option as of January 31, 2023 is as follows:

Purchase option	$	10,000
Accumulated amortization		(83)
Purchase option, net	$	9,917

Amortization expense for the period from inception through January 31, 2023 was $83.

Future estimated annual amortization expense for the purchase option for the years ending January 31 is as follows:

Year	Amount
2024	$ 1,000
2025	1,000
2026	1,000
2027	1,000
2028	1,000
Thereafter	4,917
Total	$ 9,917

6. Related-party transactions

Related entities of the Company include Nation's Foodservice, Inc. ("Foodservices") and Nation's Foods, Inc. (the "Bakery"). These entities have common ownership and management. Foodservices owns and operates 28 Nation's Giant Hamburgers restaurants and owns the trademarks associated with the brand. The "Bakery" produces pies sold at Nation's Giant Hamburger restaurants. The Company has the right to operate a franchise business under which the Company would authorize third parties to operate fast casual retail food establishments based on the use of certain Foodservices trademarks and business methods.

The Company entered into a Management Services Agreement with Foodservices on December 12, 2022 in which Foodservices will provide management services for a period of one year from the effective date of the agreement, with annual automatic renewals until the agreement is terminated. The monthly management fee is $20,000 which represents payment for the allocation of time provided by Foodservices' management. The Management Services include various management services, accounting and financial services, and software use and support.

6. Related-party transactions (continued)

Due to related party primarily originates from expenses paid by Foodservices on behalf of the Company. The balance due will be repaid as cash flow permits. As of January 31, 2023, the due to related party balance was $380,960 and is comprised of the following transactions from inception through January 31, 2023:

Due to related party at Company inception	$	-
Expenses paid by Foodservices on behalf of the Company for legal fees, consulting, marketing, travel, logo design, and office expenses		335,547
Purchase option payment due to Foodservices		10,000
Management services due to Foodservices		32,258
Due to related party at January 31, 2023	$	377,805

As noted above, the Company entered into an exclusive Intellectual Property License agreement with Foodservices. Included in the agreement is a purchase option commencing on the date of the agreement and running for a period of 10 years subject to automatic renewal for an unlimited number of additional ten year terms (the "Option Period") in which Foodservices granted the Company an exclusive option to purchase all of Foodservices' right, title and interest in and to any or all of Foodservices intellectual property rights and know-how for a defined sum of money. The cost of the purchase option was $10,000 and is due by February 16, 2023. Under the agreement, the Company will pay a royalty to Foodservices within 60 days following the end of each calendar quarter during the Option Period. The royalty is based on 10% of the net sales accrued during the applicable calendar quarter.

On December 19, 2022, the Company executed a loan agreement with Foodservices. The loan accrues interest at the rate of 3.29% per annum on the principal amount with interest payments being due annually on the anniversary date of the loan issuance. The first interest payment is due on December 19, 2023. The note becomes due on the fifth anniversary of the loan issuance. As of January 31, 2023, the outstanding principal balance on the loan was $1,109,000 and accrued interest payable was $4,398.

6. Related-party transactions (continued)

Interest payments due on the loan for the years ending January 31 are as follows:

Year	Amount
2024	$ 43,251
2025	43,251
2026	43,251
2027	43,251
2028	38,853
Total	$ 211,857

7. Commitments

In October, 2022, The Company entered into an agreement with a consultant and general advisor for the marketing and sales of franchise units. The vendor has sole and exclusive rights for selling franchise units. There is a monthly service fee of $3,200 and a placement fee of $15,100 for each franchise unit or territory sold. For franchise or territory re-sales, there is a fee due calculated at the greater of 10% of the total sales price or a minimum of $25,000. The agreement commenced on October 8, 2022 and will continue indefinitely until termination which can be initiated by the Company or the vendor for any reason upon sending written notice of intent to terminate. Once intent is received by either party, there will be a three month termination period that begins in the month after the intent to terminate is received. During the termination period the Company will continue to pay the monthly service fee, placement fees, and re-sale fees in the termination period. Sales and marketing expense related to the monthly service fee for the period from inception to January 31, 2023 was $12,968. There were no expenses incurred for placement fees or re-sales in the same period.

8. Risks and uncertainties

Nation's Franchisor, Inc. has not commenced planned principal operations, which is to offer franchises for operating Nation's Giant Hamburgers restaurants. The Company has been working on legal establishment of the entity, discovery and benchmarking, the strategic plan, fee structure and financial analysis, peer review, quality control assurance, the sales and marketing plan, and the Franchise Disclosure Document. The Company plans to register in the State of California as a franchisor as well as establish operations in the State of Texas. The Company's activities are subject to different and varied risks, including entering Texas, a new market in which Nation's Giant Hamburgers is an unknown restaurant. The sales and marketing efforts began in February of 2023.

9. *Subsequent events*

The Company has evaluated and reviewed subsequent events through March 20, 2023, the date these financial statements were issued. There were no material subsequent events that required recognition or additional disclosure in these financial statements.

EXHIBIT B TO THE
NATION'S GIANT HAMBURGERS
DISCLOSURE DOCUMENT

FRANCHISE AGREEMENT

NATION'S GIANT HAMBURGERS

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Franchise Agreement

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EXHIBITS

THIS AGREEMENT between Nation’s Franchisor, Inc., hereinafter referred to as "Franchisor", and ____ hereinafter referred to as "Franchisee", is made on the basis of the following understandings and recitals and in consideration of the following promises, and the parties hereto, intending to be legally bound, agree as follows:

1. ARTICLE 1. RECITALS

1.1 **The Nation’s Giant Hamburgers Business System**.

As the result of the expenditure of time, effort and money in research and development, Franchisor has developed and has the right to license methods, procedures, designs and marketing and advertising standards and formats, which may be modified by Franchisor from time to time (hereinafter referred to as the "Franchisor System" or "System"). The System is used in the operation of a retail food establishment (hereinafter referred to as “Nation’s Giant Hamburgers Restaurant” or "Franchisor Restaurant") offering giant hamburgers with tons of toppings, milkshakes, grilled sandwiches, breakfast and pies, all in accordance with recipes or specifications furnished by Franchisor, in a fast-casual restaurant setting. Each Nation’s Giant Hamburgers Restaurant will be part of a network (hereinafter referred to as the "Franchisor Network" or "Network") of Nation’s Giant Hamburgers Restaurants to use the Franchisor System on a mutually cooperative and interrelated basis.

1.2 **Proprietary Marks**.

Franchisor licenses Nation’s Giant Hamburgers Restaurants under the proprietary service mark "NATION’S GIANT HAMBURGERS" and associated logo and such other trademarks, service marks and other commercial symbols owned by Franchisor, as may be modified from time to time, which are used to identify the products and services offered by the Nation’s Giant Hamburgers Restaurants (herein collectively referred to as the "Proprietary Marks").

1.3 **Operating Standards**.

Franchisee acknowledges reading this Agreement and Franchise Disclosure Document and understands and accepts the terms, conditions and covenants contained in this Agreement as being reasonable and necessary to maintain Franchisor high standards of service, quality and appearance, as well as the consistency of these standards at all Franchisor Nation’s Giant Hamburgers Restaurants, in order to protect and preserve the goodwill of the Proprietary Marks. Franchisee therefore agrees to operate the franchised Nation’s Giant Hamburgers Restaurant as an integral part of the Franchisor Network and in accordance with the Franchisor System.

1.4 **Franchisee Desires A License**.

Franchisee desires to establish a Nation’s Giant Hamburgers Restaurant under the System, in the general area designated in Exhibit 1, and to use in connection therewith the Franchisor Proprietary Marks and System, and provide the food and related products and services authorized for the Nation’s Giant Hamburgers Restaurant, as an integral part of the

Franchisor Network, and to derive the benefits of Franchisor reputation, advice, experience, guidance and know-how.

1.5 Investigation of Franchise.

Franchisee acknowledges that he or she has conducted an independent investigation of the business venture contemplated by this Agreement and has also investigated the competitive retail restaurant and food service industry. Franchisee recognizes that the business contemplated by this Agreement involves business risks and that the success of the venture is largely dependent upon the business ability of Franchisee. Franchisee further acknowledges having obtained independent legal advice and other appropriate counsel prior to signing this Agreement.

1.6 No Earnings Claims: No Misrepresentations.

Franchisor expressly disclaims the making of, and Franchisee acknowledges not having received or relied upon any warranty or guaranty, express or implied, oral or written, regarding the potential revenue, profits or success of the Nation's Giant Hamburgers Restaurant business contemplated by this Agreement. Franchisee further acknowledges not having received any representation by Franchisor or its officers, employees or agents that is contrary to the information contained in Franchisor Franchise Disclosure Document or the terms herein, and further represents to Franchisor, as an inducement to its entry into this Agreement, that Franchisee has made no misrepresentations in obtaining this franchise.

1.7 Receipt of Disclosure Document: Completed Contract(s).

Franchisee acknowledges having received the Franchisor Franchise Disclosure Document and all Exhibits attached thereto at least fourteen (14) calendar days prior to the signing of any contract with Franchisor or the payment of any money or other consideration relating to the franchise herein.

2. ARTICLE 2. GRANT OF FRANCHISE

2.1 Grant of Franchise.

(a) Grant of Franchise. Subject to and upon all of the terms and conditions set forth in this Agreement, Franchisor grants to Franchisee the right and license, and Franchisee undertakes the obligation to establish and operate a Nation's Giant Hamburgers Restaurant under the System and the Proprietary Marks as Franchisor directs, and to use the Proprietary Marks in connection with the various food products and services to be supplied in the operation of the Restaurant (such operation and all of Franchisee's business and activities in connection therewith are herein referred to as a "Restaurant") at a single specific location (herein referred to as the "Premises") located within the area described in Exhibit 1 attached hereto and made a part hereof.

(b) Grant of Territory. Franchisor will define an area granted to Franchisee (herein referred to as the "Designated Area" or "Area") which shall be defined in Exhibit 1 attached hereto upon granting approval of a site as provided in Section 3.8 below.

(c) Territory; Loss of Rights and Exceptions. Subject to the following exceptions, Franchisor will not, while this Agreement is in effect, operate, nor will Franchisor grant others a license to operate a Nation's Giant Hamburgers Restaurant under its System at any location within the Designated Area which shall be defined in Exhibit 1 attached hereto upon granting approval of a site as provided in Section 3.8 below. Notwithstanding the above, Franchisor may itself operate, or grant a license to another franchisee to operate a Nation's Giant Hamburgers Restaurant or utilize the Nation's Giant Hamburgers brand within the Designated Area as set forth below:

(i) Upon the occurrence of any event or events as the result of which Franchisor has the right to terminate this Agreement, as provided in Article 5 below, Franchisor may, whether or not it elects to exercise its right of termination, grant to another franchisee or franchisees the right and license to operate a Nation's Giant Hamburgers Restaurant under the System and Proprietary Marks at another location within the Area, and this action by Franchisor shall not affect any other rights and obligations hereunder unless and until Franchisor exercises its right of termination as provided in Article 5;

(ii) Franchisor reserves the right to establish, either itself or through another franchisee, another Restaurant in any non-traditional locations within the Designated Area granted by this Agreement. Under the terms of this Agreement, a non-traditional location is defined as an airport, hospital, sports stadium or special event arena, college or university campus, military base, train station, office building, enclosed shopping center, amusement park, or convention center (herein "Non-Traditional Location"). Franchisor may offer Franchisee an opportunity to open in a Non-Traditional Location within Franchisee's Area, but is not required to do so;

(iii) Franchisor reserves the right to market and sell products under the Nation's Giant Hamburgers brand within the Designated Area granted by this Agreement through alternate distribution channels including but not limited to internet, retail stores including grocery stores, catalog or direct mail methods; and

(v) Franchisor reserves the right to acquire, merge with, or otherwise affiliate with, and thereafter own and operate, and franchise or license others to own and operate, any business of any kind or company-owned or franchised system of businesses of any kind, including any business or system that offers products or services the same as or similar to those offered by you under the System and the Proprietary Marks, and to convert any such acquired business or such acquired system of businesses to operation under the System and the Proprietary Marks, notwithstanding any other provisions hereof.

2.2 Further Rights & Privileges.

Subject to and upon all of the terms and conditions set forth in this Agreement, Franchisor further grants to Franchisee the following rights and privileges:

(a) Proprietary Marks. Use of the Proprietary Marks as Franchisor directs, but only at the specific Restaurant described in Section 2.1(a) and only in connection with authorized Restaurant food products and related services;

(b) System. Use, in conjunction with the operation of the Restaurant, of the Franchisor System, as it may be developed, changed and improved during the term of this Agreement;

(c) Supply. To purchase or acquire the right to use, from Franchisor or its approved suppliers, all products, supplies, equipment and services offered by Franchisor and required or permitted in the operation of the Restaurant.

2.3 Term.

(a) Term. This Agreement and the appointment of Franchisee hereunder shall commence on the date this Agreement is fully executed and, unless previously terminated as herein provided, shall expire on the tenth (10th) anniversary of the date on which this Agreement was executed.

(b) Renewal Option. The term of this Agreement and the appointment hereunder may be extended for two additional terms of five (5) years exercisable by written notice from Franchisee to Franchisor, at least one hundred eighty (180) days prior to the expiration of the initial term; provided that at the end of the initial term:

(i) Franchisee is not at the time of the exercise or at the commencement of the extension term, in default of the performance of any of Franchisee's obligations hereunder; and

(ii) Franchisee is not at the time of the exercise or at the commencement of the extension term, in default of the performance of any provision of the lease of the Premises; and

(iii) All monetary obligations owed by Franchisee to Franchisor have been fully satisfied prior to the commencement of the extension term; and

(iv) At the option of Franchisor, Franchisee shall execute Franchisor's then-current form of franchise agreement which shall waive any initial franchise fees and provide for the then-current royalty fees and network marketing fund contributions; and

(v) Franchisee shall execute a general release, in a form prescribed by Franchisor, of any and all claims against Franchisor, and its affiliates, officers, directors, agents and employees, arising out of or relating to this Agreement; and

(vi) Franchisee provides Franchisor with a copy of the lease for the Premises indicating that possession by Franchisee is assured for the renewal term; and

(vii) Franchisee agrees to remodel and/or expand the Premises, add or replace furniture, fixtures, furnishings, equipment, signs and decor and otherwise modify the Restaurant to bring it into compliance with specifications and standards then applicable under new or renewal franchises for Franchisor Restaurants.

(viii) Franchisee pays Franchisor a renewal fee of ten percent (10%) of Franchisor's then-current initial franchise fee before the expiration of the initial term.

3. ARTICLE 3. FRANCHISEE'S OBLIGATIONS & DUTIES

3.1 Initial Franchise Fee.

(a) Initial Franchise Fee. In consideration of the grant of franchise, and of the rights and privileges relating thereto, hereinabove made, Franchisee shall pay to Franchisor a franchise fee in the amount of Forty Thousand Dollars ($40,000) Dollars, payable upon the signing of this Agreement. This fee shall be paid solely for the grant of franchise rights and privileges, shall be fully earned upon execution of this Agreement, and shall be in addition to all other fees, royalties, costs and other expenditures of any kind required of Franchisee under the terms hereof, or any sums otherwise becoming due from Franchisee for any reason. The franchise fee shall not be refundable under any circumstances.

(b) Subsequent Franchises. If Franchisor subsequently offers an additional Restaurant franchises to Franchisee, outside of an area development agreement, the initial franchise fee shall be seventy-five percent (75%) of the then-current initial franchise fee for each subsequent franchise, in all cases payable in full upon the signing of the applicable franchise agreement.

3.2 Royalties.

In further consideration of the grant of franchise and related rights and privileges hereunder, and in consideration of the services to be rendered by Franchisor to Franchisee in support of Franchisee's operations as below provided, Franchisee shall pay to Franchisor throughout the term of this Agreement weekly royalties of five percent (5%) of Gross Sales (as defined in Section 3.3) derived from the Restaurant, payable on or before each Friday for the preceding week's Gross Sales. As used herein, a week is a seven (7) day period as defined in Franchisor then-current Manual(s) (currently beginning on a Monday and ending on a Sunday).

3.3 Gross Sales.

As used herein the term "Gross Sales" includes the aggregate amount of all charges (defined in accordance with accounting practices and procedures as determined by Franchisor) for goods sold or services rendered to customers in the operation of the Restaurant business, regardless of the nature and location of the giving and receiving of orders for, and of the rendition and delivery of, goods and services, and whether or not payment is received, and in cases where payment is made by exchange of other services and goods provided by a customer, calculated on the basis of usual and ordinary charges for the services or goods rendered or supplied by the Franchisee in the exchange, and all other receipts of any kind of Franchisee derived directly or indirectly from the Restaurant, the operation thereof, and activities in connection therewith, including, but not limited to proceeds from business interruption insurance. Provided that such deductions are properly documented according to Franchisor prescribed accounting procedures, "Gross Sales" excludes the amount of all sales, use, and other taxes collected from customers and paid to the appropriate taxing authority.

3.4 Advertising, Public Relations and Marketing.

Recognizing the value of Network advertising, public relations and marketing programs, and the importance of the standardization of these programs to promote and further the goodwill and public image of the Franchisor System and Proprietary Marks, Franchisee agrees as follows:

(a) Brand Fund. Franchisor has established a Brand Fund ("Brand Fund") which is a collective fund used by Franchisor solely for advertising, promotion and marketing in accordance with the provisions of subparagraphs (i) and (ii) below. As long as the Brand Fund is in effect, Franchisee shall make monthly contributions of up to three percent (3%), as specified by Franchisor in writing, of the preceding week's Gross Sales to the Brand Fund. Payments to the Brand Fund shall be made on the same schedule as payment of Royalties. Franchisor may suspend or discontinue the Brand Fund at any time on written.

(i) Administration of Brand Fund**.** Franchisee agrees that Franchisor shall have the right to direct all local, regional and national advertising, public relations and marketing programs for the System; to use in these programs the payments described in subparagraph (a) above; and that Franchisor shall have the sole discretion over the creative concepts, materials and media used and the placement and allocation thereof. Franchisee agrees and acknowledges that one of the primary intentions of the Brand Fund is to maximize public recognition and acceptance of Franchisor Proprietary Marks and that Franchisor undertakes no obligation in administering the Brand Fund to make expenditures for Franchisee's Area which are equivalent or proportionate to Franchisee's contribution, or to ensure that any particular franchisee benefits directly or pro rata from these programs. Franchisor may, without prior notice to Franchisee, delegate some or all of the administration of the Brand Fund, to a third party or parties.

(ii) Brand Fund Expenditures**.** Franchisee agrees that the Brand Fund may be used to meet any and all costs of maintaining, administering, directing and preparing marketing programs, including, without limitation, the cost of preparing and conducting television, radio, magazine, newspaper, Internet, direct mail, in-store signage and other types of advertising; website, search engine optimization and digital marketing efforts; public relations activities, including, without limitation, the cost of hiring agencies and Franchisor personnel to engage in public relations work; and employing advertising and public relations agencies and personnel to assist therein; and charitable promotions. Advertising and public relations agencies and personnel may be composed of employees of Franchisor or may be entities owned by or affiliated with Franchisor if use of in-house agencies is deemed best by Franchisor, in which event the methods for determining the value of services rendered by the in-house agency shall be set forth in writing and may be charged to the Brand Fund. No sums paid by Franchisee to the Brand Fund shall be used to defray any of Franchisor general operating expenses, except for reasonable administrative costs and overhead, if any, as Franchisor may incur in activities reasonably related to the administration or direction of the Brand Fund and promotional programs, including, without limitation, conducting marketing research, preparing marketing and advertising materials and collecting and accounting for assessments for the Brand Fund. An accounting of the operation of the Brand Fund shall be prepared annually and made available to Franchisee upon request.

(b) Opening Support and Training; Additional Support. Franchisor will provide two franchisee support personnel for one week after the opening of Franchisee's Restaurant. In the event that Franchisee requests or requires additional on-site support beyond the first week and Franchisor agrees to provide it, Franchisee will pay $500 per person per day plus travel and expenses for such support.

(c) Grand Opening Advertising. In addition to the amounts spent pursuant to subparagraphs (a) and (b) above, Franchisee must spend a minimum of Twelve Thousand Dollars ($12,000) toward advertising and promotion activities related to promotion of the grand opening of Franchisee's Restaurant. Franchisor will approve the marketing and events associated with this advertising and related activities.

(d) Local Advertising. Franchisee must conduct local advertising specifically related to promotion of Franchisee's Restaurant in the amount specified by Franchisor which shall be no great than three percent (3%) of Franchisee's Gross Sales per week. Franchisee shall pay these fees to approved local marketing and advertising vendors. Franchisee shall furnish Franchisor a report of such expenditures in the time and manner required by Section 3.6 of this Agreement. All of Franchisee's local advertising must comply with Franchisor's advertising standards and requirements as set forth in this Agreement. Franchisee shall participate in system-wide promotions.

(d) Cooperative Marketing. Franchisor, in its discretion, may require Franchisee to form, join and participate in a regional marketing cooperative ("Cooperative"). If Franchisor assigns Franchisee to a Cooperative, Franchisee shall contribute to the Cooperative such amounts as the Cooperative elects by vote of all Cooperative members to spend on advertising within the region through joint advertising programs, promotions and marketing. In no event shall Franchisee be required to contribute more than fifty percent (50%) of its Local Advertising contribution set forth in Section 3.4(c), and any contribution to the Cooperative by Franchisee shall be credited toward Franchisee's Local Advertising requirement.

(e) Advertising Standards. All advertising by Franchisee shall be completely factual and shall conform to the highest standards of ethical advertising. Franchisee agrees to refrain from any business or advertising practice that may be injurious to the Franchisor System or the goodwill associated with the Proprietary Marks. Without limiting the foregoing, Franchisee agrees that all advertising and promotions by Franchisee in any form and in any medium shall be conducted in a dignified manner and shall conform to such standards and requirements as Franchisor may from time to time designate in writing. Franchisee shall use Franchisor's required or approved marketing vendor, if one is identified, for such services. Franchisee shall submit to Franchisor, for prior written approval, samples of all advertising and promotional plans and materials, including but not limited to menus, videos, photos, testimonials, influencer arrangements or other materials to be used both within the Restaurant and online, that Franchisee desires to use and that have not been prepared or previously approved by Franchisor. If written approval thereof is not received by Franchisee, Franchisor shall be deemed not to have given the required approval.

(f) Use of Social Media. During the term of this Agreement, Franchisor permits Franchisee to promote its business through the use of social media. Franchisee must comply with Franchisor policies on use of the Proprietary Marks in social media, which policies may be modified by Franchisor at any time. All Franchisee use of social media in connection with the Proprietary Marks shall be subject to Franchisor Advertising Standards as set forth in Section 3.4(f) and in its Manuals and must also comply with all applicable laws and with the terms of use of any applicable website and/or social media.

3.5 Other Payments; Cost Increases.

(a) Technology Fees. Franchisee must pay Franchisor's then-current fee which shall not exceed Two Hundred Dollars ($200) per week for technology products and support that Franchisor provides to Franchisee.

(b) Mystery Shopper Fees. Franchisee must pay Franchisor's then-current fees for mystery shopping services. Franchisor shall not mystery shop Franchisee's Restaurant more than three (3) times per year, unless the Restaurant receives unsatisfactory reviews, in which case Franchisor may require additional reviews in its discretion until Franchisee obtains a satisfactory review.

(c) Renewal, Transfer, & Relocation. Upon renewal or transfer of this Agreement, or relocation of the Restaurant, Franchisee is obligated to pay Franchisor the fees set forth in this Agreement.

(d) Cost Increases. Items of inventory, equipment, supplies, products, material and services offered by Franchisor to and accepted by Franchisee shall be paid for at the prices currently charged by Franchisor and its affiliates or suppliers at the time of sale with payment for such items to be made by Franchisee in accordance with the terms and policies as specified by Franchisor in its Manuals (as defined in Section 3.10) or otherwise. These payments include payments for computer systems, equipment, furniture, smallwares, inventory, or other required elements of the Franchisor system. Franchisor endeavors to keep all such prices and costs low, but has the right to increase costs as necessary based on vendor cost increases, increased levels of service, new technologies, and related market changes.

(e) Training. Franchisee shall pay for ongoing and additional training as necessary after the opening of Franchisee's Restaurant, or for any trainee requiring remedial or refresher training. Franchisor will train Franchisee's management and employees at no cost during Franchisee's initial training prior to opening the Restaurant.

(f) On-Site Assistance. In the event that Franchisee requests on-site assistance from Franchisor and Franchisor agrees to provide it, Franchisee shall pay to Franchisor $500 per day travel and living expenses.

(g) Temporary Management. In the event that Franchisee requests, or Franchisor in its discretion requires Franchisee to have, temporary management by Franchisor, Franchisee shall pay Franchisor's then-current daily fee for such assistance, plus Ten Percent (10%).

(h) Customer Resolution Fee. In the event that Franchisor elects to resolve a dispute between Franchisee and a customer of Franchisee's Restaurant due to Franchisee's request for assistance or Franchisee's failure or refusal to resolve the dispute, Franchisee will reimburse Franchisor for Franchisor's actual costs, including attorneys' fees, plus Two Hundred Dollars ($200).

(i) Non-Compliance Fees. For any material non-compliance with the offering of required products and services, Franchisor may, in its sole discretion, assess a fee for non-compliance of Two Hundred Fifty Dollars ($250).

(j) CPI Adjustment. All fees expressed in dollar amounts in this Agreement are subject to adjustment on January 1st of each year by the amount of any increase in the Consumer Price Index for All Urban Consumers, U.S. City Average, published by the Bureau of Labor Statistics of the United States Department of Labor since the date of this Agreement or the most recent adjustment by Franchisor, whichever is more recent. Such increase shall be calculated as a percentage increase equal to the percentage increase in the Consumer Price Index for the applicable period.

3.6 Reports, Payment Schedule and Manner of Payment.

Franchisee shall throughout the term of this Agreement at Franchisee's expense, submit to Franchisor, complete and accurate reports and payments in such form and detail as Franchisor may require, and in the manner that Franchisor may designate, as follows:

(a) Unless otherwise required by Franchisor, on or before Friday of each calendar week, a report of all Gross Sales of the Restaurant for the preceding week (as defined in Section 3.3), together with payment, without setoff or deduction, of the royalties required by Section 3.3;

(b) On or before the fifteenth (15th) day of each calendar month, a summary report of all income and expenses paid and incurred in the operation of the Restaurant for the preceding calendar month; and

(c) On or before the tenth (10th) day after the end of each calendar quarter, a report of local advertising expenditures for the preceding calendar quarter as required by Section 3.4(c); and

(d) On or before April 15th of each calendar year, a balance sheet for the preceding calendar year; and

(e) Upon request by Franchisor, such other data, information and supporting records for such periods as Franchisor, from time to time, requires.

(f) Franchisee will make all payments to Franchisor in the manner required by Franchisor, which may include payment by electronic funds transfer from a designated bank account of Franchisee to a designated bank account of Franchisor, or payment by some other electronic debit/credit method. Franchisee agrees to execute any forms or agreements required by banks or financial institutions to authorize transfers, whether initiated by Franchisor or Franchisee. Franchisee is responsible for having sufficient funds on deposit to cover all checks, debits and electronic funds transfers made. All charges imposed by Franchisee's bank or financial institution to process and clear any checks, debits or transfers shall be paid by Franchisee. Franchisee will also reimburse Franchisor for any charges assessed to Franchisor due to Franchisee's account having insufficient funds to cover any check, debit or funds transfer or for any "stop payment' or other refusal to honor or pay a check, debit or funds transfer to Franchisor.

(g) Franchisee will submit all reports required hereunder in the form and using the method designated by Franchisor, which may include transmission electronically over the Internet or by way of an Intranet through a point of sale or computer system or using other information technology.

3.7 Late Payments; Insufficient Funds.

(a) Late Payments. Any payment not actually received by Franchisor as required by this Agreement shall be deemed overdue. If any payment is overdue, Franchisee shall pay Franchisor in addition to the overdue amount, a late fee of Fifty Dollars ($50) per occurrence, plus interest in the amount of One and One-Half percent (1.5%) per month (or the maximum amount allowed by law in your jurisdiction, whichever is less) until such amount is paid in full. Each incident of insufficient funds reported by your bank shall also incur a Two Hundred Dollar ($200) fee per occurrence, in addition to the foregoing.

(b) No Waiver. Franchisee acknowledges that this Section 3.7 shall not constitute an agreement by Franchisor to accept any payments after they are due, a commitment by Franchisor to extend credit to, or otherwise finance Franchisee's Restaurant, or a waiver of breach of this Agreement. Further, Franchisee acknowledges that failure to pay all amounts when due shall constitute grounds for termination of this Agreement by Franchisor, as provided in Section 5.2, notwithstanding the provisions of this Section.

3.8 Selection and Lease of Premises.

(a) Initial Selection and Lease. Within one hundred twenty (120) days of the date this Agreement is fully executed, the Premises shall be selected and a lease signed by Franchisee. Franchisee must utilize Franchisor's approved broker for site selection, unless Franchisor waives such requirement in writing. No site proposed by Franchisee may be developed unless approved by Franchisor. The lease for the Premises must be approved by Franchisor prior to the Franchisee's execution of the lease and Franchisor may require as a condition of its approval that the lease contain certain provisions to protect its interests, including but not limited to the following provisions:

(i) a provision granting Franchisee the right to assign the lease to Franchisor or its designee without penalty; and

(ii) a provision that the lessor will immediately notify Franchisor of any breach of the lease and allow Franchisor a cure period;

(iii) a provision granting Franchisor or its designee the right to exercise any option to renew the lease of the Premises, if an option exists and Franchisee fails to exercise this option;

(iv) a provision requiring that the premises always be operated as a Nation's Giant Hamburgers Restaurant during the lease term.

Franchisee shall at all times perform and comply with the obligations, limitations and requirements on the part of Franchisee to be performed and complied with under the terms of the lease. In the event Franchisee's lease expires or is otherwise terminated prior to the end of the initial term of this Agreement, or extension thereof, and this termination is not caused by a default on the part of Franchisee, Franchisee shall select another suitable place of business within the Designated Area, or if a location is not available in the Designated Area then outside the Designated Area, subject in all cases to the prior written approval of Franchisor. If the Franchisee's lease of Premises continues beyond the term of this Agreement and beyond the term of any extension or exercised option periods of this Agreement, Franchisee shall be responsible for all obligations and duties described in Sections 5.2 - 5.4 of this Agreement.

(b) Relocation of the Premises. If Franchisee's lease for the Premises of the Restaurant expires or terminates without fault of Franchisee, if the Premises are damaged, condemned or otherwise rendered unusable, or if, in the judgment of Franchisor, there is a change in the character of the location of the Premises sufficiently detrimental to its business potential to warrant its relocation, Franchisor will grant permission for relocation of the Premises to a location and premises approved by Franchisor within the Designated Area. Any such relocation shall be at Franchisee's sole expenses and must be completed within six (6) months of the loss of lease for the Premises or the closing of the Restaurant. Franchisee must pay to Franchisor a relocation fee equal to Seventy-Five Percent (75%) of the then-current initial franchise fee upon approval of the relocation request.

3.9 Condition and Appearance of Premises.

(a) Construction of Premises. Within twelve (12) months of the date of signing of this Agreement, Franchisee shall, at no cost to Franchisor, cause to be constructed all improvements to the Premises and outfit them with all furniture, fixtures, furnishings, equipment, alarm and security surveillance system, signs and decor required to prepare for operation of the business, all in accordance with the design, layout and decor requirements supplied by Franchisor. Franchisee shall provide full construction drawings to Franchisor prior to the start of construction and Franchisor shall have fifteen (15) business days in which to review and approve such drawings. Franchisee shall only proceed with construction using approved drawings. Further, Franchisee shall use approved suppliers of Franchisor, including, but not limited to approved architects, general contractors, and designers, unless Franchisor waives such requirement in writing.

(b) Maintenance of Premises. Franchisee agrees that neither the Restaurant nor the Premises will be used for any purpose other than the operation of a Nation's Giant Hamburgers Restaurant in compliance with this Agreement. Franchisee will maintain the condition and appearance of the Restaurant and the Premises, its furniture, fixtures, furnishings, equipment, signs and decor in accordance with the specifications and standards of Franchisor and consistent with the image of a Nation's Giant Hamburgers Restaurant as an efficiently operated business offering high quality hamburgers, milkshakes, grilled sandwiches, breakfast and pies, and observing the highest standards of cleanliness and sanitation. Franchisee will perform such maintenance with respect to the furniture, fixtures, furnishings, equipment, signs and decor of the Restaurant and the Premises as is required from time to time to maintain such condition, appearance and efficient operation, including without limitation: (a) thorough cleaning, repainting and redecorating of the interior and exterior of the Premises at reasonable intervals; (b) interior and exterior repair of the Premises; and (c) repair or replacement of damaged, worn out or obsolete, furniture, fixtures, furnishings, equipment, signs and decor.

Franchisee will not make any material alterations to the Premises, or to the appearance of the Restaurant as originally developed, without prior approval by Franchisor. Franchisee will remodel, expand, redecorate, re-equip and refurnish the Premises and the Restaurant at reasonable intervals determined by Franchisor, using approved suppliers, to reflect changes in the operations of Franchisor Restaurants prescribed by and required of new franchisees, all of which are subject to approval by Franchisor of layouts, designs, furniture, fixtures, furnishings, equipment, signs and decor. Franchisee will place or display at the Premises (interior and exterior) only such signs, emblems, lettering, logos and displays and advertising materials that are from time to time approved by Franchisor.

Franchisee acknowledges that the maintenance and upgrade of the Restaurant that is required under this Section 3.9 may require the expenditure of additional capital that, in some cases, may be substantial.

3.10 Operation of Business.

Promptly following completion of improvements and installation of equipment in the Premises and Franchisor's approval of such improvements, and in any event within twelve (12) months of the date of signing this Agreement, Franchisee shall commence operation of the Restaurant and shall thereafter, subject only to interruption resulting from acts of God or other causes beyond the control of Franchisee and not relating to the availability of funds to Franchisee, continuously operate the Restaurant, devoting Franchisee's full time, except as below specifically provided in subparagraph 3.10(e), and Franchisee's best efforts, skills, and diligence to the conduct of the business of selling and providing products and services (hereinafter "Business Services") authorized or required to be provided as part of the Franchisor System as set forth in Franchisor Confidential Operating Manuals and all supplements, addenda and amendments thereto (herein collectively called the "Manuals"), and Franchisee shall not sell or provide other products or services except ones which Franchisor, in its sole and absolute discretion, shall approve as being compatible and not interfering with the Franchisor System or Network. Specifically and without limiting the foregoing, Franchisee agrees:

(a) Follow Manuals and Standards. Franchisee shall operate the Restaurant in all respects in accordance with all reasonable requirements of Franchisor from time to time in effect, as set forth in the Manuals and in other communications from Franchisor, maintaining the highest business standards of quality and ethical conduct, and not otherwise so that the Restaurant shall be established and at all times operated as and constitute a business of the highest quality and appearance. With respect to the Manuals, Franchisee specifically agrees as follows:

(i) Franchisee shall treat the Manuals created and approved for use in the operation of franchised Restaurants, and the information contained therein, as confidential, and shall use all reasonable efforts to maintain this information as secret and confidential; and

(ii) Franchisee agrees that the Manuals shall remain the sole property of Franchisor; that Franchisor may, from time to time, revise the contents of the Manuals; and Franchisee agrees to comply with each new or changed provision thereof; and

(iii) Franchisee agrees that the master copy of each Manual maintained by Franchisor at its principal office shall be controlling in the event of a dispute relative to the content of any Manual.

(b) Approved Products and Services. Franchisee shall maintain at sufficient inventory levels, and sell only products and services that meet Franchisor standards of quality and have been expressly approved by Franchisor in writing for offer or sale by Franchisee. Franchisee shall refrain from any deviation from Franchisor standards and specifications for selling products and services without Franchisor prior written consent and shall discontinue offering and selling any products and services that Franchisor may disapprove in writing from time to time, in its sole discretion.

(c) Approved Suppliers: Testing. Franchisee will purchase food, beverage and other items as specified by Franchisor only from suppliers that are designated by Franchisor as approved sources for the particular item or items. Franchisor may in its sole discretion determine which items must be purchased only from designated sources and which suppliers to designate as the sources for those items. Franchisor may require any or all proprietary and non-proprietary food, beverage, packaging and other inventory items to be purchased only from designated suppliers. Franchisee agrees that the foregoing provisions are reasonable and necessary in order to maintain consistency in quality of the food and beverages sold by the Franchisor Network and to leverage the buying power of the Network. If Franchisee desires to purchase any item or service from an unapproved supplier, or to sell products or services not previously approved by Franchisor, Franchisee shall submit a written request for approval to Franchisor. Franchisor shall have the right to require that its representatives be permitted to inspect the supplier's facilities, or that samples of unapproved products or services be delivered, at Franchisor option and without charge to Franchisor, either to Franchisor or its designee for testing. A charge constituting Franchisor's then-current product or supplier review fee shall be paid to Franchisor by Franchisee. Franchisor reserves the right, at its option, to re-inspect the facilities and products of any approved supplier and revoke its approval, if any has been granted, if the supplier fails to meet any of Franchisor then-current criteria. In no event shall Franchisor be required to evaluate or approve a different supplier where Franchisor has designated a supplier or suppliers as the source for a particular item or to approve any products or services for sale not previously approved by Franchisor.

(d) Bakery Purchases. Franchisee must purchase all pies it sells in the Restaurant from Franchisor's designated bakery ("Local Bakery"). Franchisor, in its sole discretion, may change the bakery designated as the Local Bakery upon prior written notice to Franchisee. Franchisor shall determine the minimum daily order quantity for each type of pie ("Minimum Daily Order") and Franchisee shall place the Minimum Daily Order with the Local

Bakery. Franchisor shall establish the Minimum Daily Order based on expected sales based on the Restaurant location and Franchisor's experience with the System, and thereafter will update the Minimum Daily Order based on Franchisee's actual sales history at the Restaurant. The Minimum Daily Order will change regularly to reflect seasonally available pies, anticipated changes in demand, and updated statistics from Franchisee's Restaurant regarding historical pie sales. Franchisee understands and acknowledges that the Minimum Daily Order is designed to ensure availability of pies to consumers, and food waste will occur.

Franchisor shall set a suggested retail price ("SRP") for pie sales in the Restaurant and, in its sole discretion, may adjust the SRP from time to time with prior written notice to Franchisee. The Local Bakery shall sell pies to Franchisee at a price set between 55% to 60% of the then-current SRP.

Franchisee shall at all times comply with Local Bakery ordering procedures set forth in the Manuals, and with food safety and shelf life requirements established by Franchisor and as set forth in the Manuals, including destroying pies at the end of their shelf life as required by the Manuals.

(e) Confidential Information. Franchisor possesses and will develop and acquire certain confidential and proprietary information and trade secrets consisting of (1) business methods, techniques, standards, procedures and formats of the System; (2) policies, procedures, information, concepts, systems and knowledge of and experience in the development, operation and franchising of Restaurants; (3) recipes, menu preparation and selection and combination of food items; (4) marketing programs for Restaurants; and (5) knowledge and specifications for and suppliers of certain materials, furniture, fixtures, furnishings, equipment, signs and decor for Restaurants (collectively the "Confidential Information"). Franchisor will disclose to Franchisee the Confidential Information in the Manuals and in guidance and assistance furnished to Franchisee during the term of this Agreement. Franchisee acknowledges and agrees that Franchisee will not acquire any interest in the Confidential Information and that the use of the Confidential Information in any other business would constitute an unfair method of competition with Franchisor and other Restaurants. Franchisee acknowledges and agrees that the Confidential Information belongs to Franchisor, contains trade secrets belonging to Franchisor and is disclosed to Franchisee and authorized for use solely on the condition that Franchisee agrees that Franchisee: (1) will not use the Confidential Information in any other business or capacity; (2) will maintain the absolute secrecy and confidentiality of the Confidential Information during and after the term of this Agreement; (3) will not make unauthorized copies of any portion of the Confidential Information disclosed in written form; and (4) will adopt and implement all reasonable procedures prescribed from time to time by Franchisor to prevent unauthorized use or disclosure of or access to the Confidential Information.

Franchisee shall cause its principals and managers to execute a Confidentiality Agreement substantially in the form of Exhibit 3 attached hereto. Franchisee shall deliver such copies of all such Confidentiality Agreements to Franchisor promptly after they are signed. Franchisee agrees that the relationship with Franchisor does not vest in Franchisee any interest in any Confidential Information other than the right to use it in the development and operation of the Restaurant under this Agreement and other than the right to utilize it in the operation of the

Restaurant during the term of this franchise and that Franchisee will maintain the confidentiality of the Confidential Information during and after the term of this Agreement.

(f) Devote Adequate Working Time: Non-Compete. Franchisee acknowledges and agrees that it is essential to this Agreement that the franchise be operated and managed by an individual who has successfully completed the training required by Franchisor and who owns at least 20% of the Franchisee. Franchisee has designated, and Franchisor has approved, the person owning at least 20% of the Franchisee and listed in Exhibit 1 to operate and manage the Restaurant. If said individual does not throughout the term of this Agreement continue to operate and/or manage the Restaurant, such event shall be a material breach of this Agreement unless such change in management is pursuant to Franchisor express written consent as specified in this Agreement.

Franchisor has entered into this Agreement on the express condition that with respect to the operation of a retail food establishment, Franchisee and its owners and members of their respective immediate families will deal exclusively with Franchisor. Franchisee therefore agrees that during the term of this Agreement, without Franchisor's prior written approval, except for the Restaurant and other restaurants operated under franchise agreements with Franchisor, neither Franchisee nor any shareholder or partner of Franchisee (in the event Franchisee is a corporation or partnership), nor any member of the immediate family of Franchisee or any member of the immediate family of any shareholder or partner of Franchisee, shall conduct or operate, directly or indirectly, or be employed by or associated in any way with any hamburger, sandwich, breakfast or pie shop, or any other retail food establishment that sells products substantially similar to those offered at Restaurants (referred to hereafter as a "Competitive Business"), nor shall Franchisee or its partners, shareholders, or members of their respective immediate families engage in, directly or indirectly, or be employed by or associated in any way with any food service operation or other activities which would be detrimental to or interfere with the operation or management of the Restaurant.

(g) Attend and Satisfactorily Complete Training. Franchisee shall, at Franchisee's sole expense, attend and satisfactorily complete the initial training program provided by Franchisor. Franchisee shall ensure that employee training as provided for in Section 4.1(b) hereof is completed prior to commencing business at Franchisee's Restaurant and Franchisee shall provide and carry out a training program for Franchisee's other employees, in compliance with all requirements of the training and the Manuals. Any designated representative(s) attending the training programs and meetings shall first have entered into a nondisclosure agreement as provided in subparagraph (d) hereof. Franchisee agrees to attend or cause Franchisee's designated manager(s) to attend, all subsequent and continuing management training programs as provided for in Sections 4.2(c) and (d) hereof.

(h) Marketing Efforts; Delivery and Catering Limitations. Franchisee shall vigorously pursue and promote sales and activities leading to sales by the Restaurant; and shall cooperate with Franchisor and other franchisees in the Franchisor Network in promoting and enhancing the Franchisor System and Network. Franchisee agrees, however, that delivery and catering services shall only be provided: (1) with Franchisor's prior written approval; and (2) to customers located within the Designated Area or to customers located outside of the Designated Area provided that (i) such location is not within the designated area of another Franchisor

Restaurant franchisee; and (ii) the integrity and quality of the delivery or catering services are maintained in accordance with Franchisor standards and specifications. Franchisor shall have the right to prescribe from time to time the boundaries beyond which the Restaurant may not offer or provide services or products.

(i) Loyalty Program. Franchisor may establish a customer loyalty program that provides discounts and benefits for repeat customers whose spending at any Franchisor Restaurant in the Franchisor Network exceeds certain thresholds set by Franchisor (the "Franchisor Loyalty Program"). Franchisee must participate in the Franchisor Loyalty Program. The specific program rules and construction shall be in the sole discretion of Franchisor and currently require Franchisee to provide free or discounted products or services to a customer who earned such benefits through spending at Franchisor Restaurants, including those not owned by Franchisee. The specific terms of the Franchisor Loyalty Program shall be set forth in the Manuals and may be modified from time to time by Franchisor.

(j). Gift Card Program. Franchisor has established a gift card system. Franchisee shall participate in, offer, comply with, accept and honor credits or gift cards provided under the gift card system established by Franchisor (the "Gift Card System"). The specific Gift Card System rules and construction shall be in the sole discretion of Franchisor, and currently require Franchisee to sell gift cards and to accept gift cards as full or partial payment for products or services at the Restaurant, whether such gift card was purchased at Franchisee's Restaurant or any other of Franchisor Restaurants. Franchisee shall not offer gift cards, gift certificates, or any type of credit within the Network outside of the Gift Card System, except with Franchisor's prior written approval.

(k) Closure for Remodeling. Franchisee must obtain Franchisor prior approval of its dates for closing and re-opening in the event of any closure for remodeling purposes pursuant to Section 3.9.

3.11 Use of Commercial Symbols.

Franchisee acknowledges that Franchisee's right to use the Proprietary Marks is derived solely from this Agreement and is limited to the operation of a Restaurant pursuant to and in compliance with this Agreement and all applicable specifications, standards and operating procedures prescribed by Franchisor in its Manuals from time to time during the term of this Agreement. Specifically and without limiting the foregoing, Franchisee agrees:

(a) This Agreement does not confer any goodwill or interests in the Proprietary Marks upon Franchisee.

(b) Franchisee shall use only the Proprietary Marks authorized by Franchisor, and shall use the Proprietary Marks only in the manner authorized and permitted by Franchisor.

(c) Franchisee shall use the Proprietary Marks only in connection with the operation of the Restaurant and only at the location referred to in Section 2.1 of this Agreement.

(d) Any and all goodwill arising from Franchisee's use of the Proprietary Marks under the Franchisor System shall inure solely and exclusively to the benefit of Franchisor and upon expiration or termination of this Agreement and the license herein granted, no monetary amount shall be assigned to any goodwill associated with Franchisee's use of the Franchisor System or Proprietary Marks.

(e) The Proprietary Marks are valid and serve to identify Franchisor, the Franchisor System and those licensed under the System. Franchisee agrees not to directly or indirectly contest the validity or ownership of the Proprietary Marks. Throughout the term of this Agreement, including any extensions thereof, Franchisee shall identify himself or herself as a franchisee of Franchisor in conjunction with any use of the Proprietary Marks, displaying the Proprietary Marks in all appropriate places at the Restaurant, on stationery and merchandise, and otherwise in the operation of the Restaurant, as Franchisor may specify from time to time.

(f) Franchisee agrees not to use any Mark licensed under this Agreement in connection with the sale of any unauthorized product or service or in any other manner not expressly approved in writing by Franchisor.

(g) If it becomes advisable at any time, in Franchisor sole discretion, for Franchisor or Franchisee to modify or discontinue use of any Mark or use one or more additional or substitute Proprietary Marks or commercial symbols, Franchisee agrees to comply therewith within a reasonable time after notice by Franchisor.

(h) Franchisee shall comply with Franchisor instructions in filing and maintaining fictitious or trade name registrations, and shall execute any documents deemed necessary by Franchisor to protect and maintain the continued validity of the Proprietary Marks.

(i) In the event that Franchisee is aware of any use of the Proprietary Marks or colorable imitation thereof which falsely suggests or represents an association or connection with Franchisor or any of its Proprietary Marks, or litigation involving the Proprietary Marks is instituted or threatened against Franchisee, Franchisee shall promptly notify Franchisor and cooperate fully with Franchisor in connection therewith. Franchisee agrees that Franchisor will have the right to control any litigation with respect to the Proprietary Marks.

3.12 System Improvements.

Franchisee acknowledges and agrees that Franchisor may modify, alter, add to or subtract components from the System and/or the methods, procedures and techniques which Franchisee is authorized and required hereunder to utilize in the operation of the Restaurant, including addition to or elimination from the System of products or services or other activities constituting elements thereof. Franchisee acknowledges and agrees that Franchisor shall have sole control and discretion over all supplements, improvements, alterations and development of the System, and the products and services offered thereunder; that this control and discretion is in the best interests of the Franchisor System; and that Franchisee will comply with all Franchisor requirements concerning the System and improvements thereto. Franchisee shall seek, in its operation of the Restaurant to develop and conceive such supplements, improvements and alterations, and upon doing so shall in each case promptly and fully advise Franchisor thereof. Franchisor shall have the right, but not the obligation, to make use of all supplements, improvements and alterations so conceived or developed by Franchisee, including the right to disseminate the same to all Restaurant franchisees for their use, all without payment of royalties, fees or other compensation by Franchisor or other franchisees.

3.13 Uniform Network.

Franchisee understands and acknowledges that the Restaurant and the business carried on there will benefit from being an integral part of a network of similar Restaurants in a variety of locations, utilizing the Franchisor System in a uniform manner, providing uniform products and services with uniform equipment and with personnel of uniform skill and training. Franchisee acknowledges that the interests of the Franchisor System and Network are vital to the success of each franchisee, and that each franchisee has an obligation to promote and further the Franchisor System and Network to the fullest extent possible. Franchisee agrees to adhere to Franchisor standards, specifications and requirements concerning the Proprietary Marks, the Franchisor System and the Franchisor Network as specified by Franchisor from time to time in its Manuals including, without limitation, the offering of any new Business Services, the elimination of any previously specified Business Services, and the operation of the Restaurant as an integral part of the Franchisor Network, cooperating and complementing other Restaurants thereof.

3.14 Responsibility for Costs and Expenses.

Franchisee will be solely responsible for and shall pay, promptly when due, all costs, expenses, obligations and indebtedness of or in any way rising out of or in connection with the Restaurant and the establishment and operation thereof, including all amounts due to the landlord or suppliers of the Restaurant and taxes, assessments and other levies, charges and impositions of any kind of any governmental or regulatory body. Franchisee acknowledges that failure to pay vendors or service providers to the Restaurant constitutes a material breach of this contract.

3.15 Compliance with Law.

Franchisee shall, in the establishment and operation of the Restaurant, comply, at Franchisee's sole expense, with all applicable statutes, ordinances, regulations, orders and other enactments or requirements of all governmental or regulatory bodies including obtaining any licenses or permits required by any law.

3.16 Indemnification.

Franchisee shall indemnify Franchisor, its affiliates, and their respective officers, directors and employees and hold them harmless from and against any liability or responsibility for any matter for which Franchisee is responsible under this Section 3.16 or otherwise under this Agreement, and from and against any loss, liability, claims, demands, damages, charges, costs or expenses of any kind whatsoever, including attorneys' fees, arising directly or indirectly out of or in connection with any such liability or responsibility, or otherwise out of or in connection with the establishment and operation by Franchisee of the Restaurant, including but not limited to any such matters arising directly or indirectly out of or in connection with any injury to or death of persons or damage to or loss of property.

Franchisee will notify Franchisor in writing within ten (10) days of becoming aware of the filing or existence of any lawsuit, claim, arbitration or administrative proceeding by any third party (including but not limited to employees, former employees, customers, suppliers, landlords, creditors, competitors or others) against Franchisee or Franchisor relating to or arising out of the operation of the Restaurant, regardless of the nature of the lawsuit, claim, arbitration or proceeding and regardless of whether the right to indemnification under this Section 3.16 would apply.

3.17 Insurance.

In addition to any insurance required of Franchisee by the lease of the Premises, and without limiting its obligations under Section 3.16, Franchisee shall procure and maintain in effect throughout the term of this Agreement insurance coverage issued by companies licensed to do business in the state where the Premises are located; satisfactory to Franchisor; and having a Best's rating of not less than A. No such policy shall include a property or liability deductible of more than Five Thousand Dollars ($5,000.00) per occurrence. The policy or policies shall each include an endorsement naming Franchisor, its affiliates, and their respective officers, directors and employees as additional insureds on a primary and non-contributory basis with a waiver of subrogation in favor of Franchisor and providing for severability of interests so that the acts of Franchisee shall not be imputed to the Franchisor, its affiliates, and their respective officers, directors and employees. Insurance Companies of the Franchisee are to provide a notice of cancellation to the Franchisor. Franchisee's insurance policy or policies shall provide at least the following coverage for each franchised location subject to change by way of modified requirements in the Manual:

a) Comprehensive or Commercial General Liability insurance providing the following Combined Single Limit of liability for bodily injury and property damage and covering the following exposures on a per location basis:

i) Public/General Liability: $1,000,000.00 per occurrence and $2,000,000.00 aggregate per location and $300,000 damage to rented premises per occurrence; and

ii) Products/Completed-Operations Liability: $2,000,000.00 aggregate per location and $1,000,000.00 Umbrella limit per location.

iii) Personal and advertising injury: $1,000,000 aggregate limit.

iv) Personal Medical injury coverage: $10,000 per person limit for medical coverage.

v) Property insurance covering the full replacement cost of all of Franchisee's improvements, furnishings, equipment and inventory used in the Franchised Business.

vi) Employee dishonesty coverage, covering $10,000 for one loss.

vii) Forgery and alteration coverage, covering $10,000 for one loss.

viii) Money and Securities (inside and outside) coverage, covering $5,000 for one loss.

ix) Electronic equipment protection, covering $25,000 in annual aggregate.

x) Interruption of computer operations coverage, $10,000 in annual aggregate.

xi) Vehicle insurance covering all owned and non-owned vehicles used in the franchised business, of $1,000,000 combined single limit per accident.

xii) Business Income/Interruption insurance (including Extra Expense) covering the actual loss sustained without any dollar limit, for not less than twelve (12) months.

xiii) Such other insurance as may be required by any laws, including but not limited to Workers' Compensation insurance with statutory limits and any uninsured or underinsured motorist coverage for the Vehicle insurance.

In addition to the foregoing, Franchisor recommends, but does not require, Franchisee to acquire employment practices liability insurance in the aggregate amount of $500,000.00 for each claim.

Franchisee shall supply Franchisor with Certificates of Insurance currently in force, which shall reflect at least the above required coverage, and shall also provide: (1) A copy of the schedule of forms and endorsements comprising the policy, and (2) Copies of the endorsements naming Franchisor, its affiliates, and their respective officers, directors and employees as additional insureds where required. All Certificates of Insurance shall provide that the insurance shall not be canceled or reduced in limits or scope of coverage except after at least thirty (30) days written notice by the insurer to Franchisee and Franchisor. Any conditional language on the Certificate purporting to limit the obligation or liability of the insurer relating to this notice requirement shall be unacceptable and shall be stricken. If Franchisee fails to provide the required certificates, either initially or upon renewal, Franchisor may, but shall not be obligated to obtain such insurance and Franchisee shall reimburse Franchisor for the cost thereof upon demand, plus a fee of 10% of the cost as an administrative fee.

All required insurance policies shall be renewed annually and new Certificates of Insurance and copies of endorsements as required above shall be provided to Franchisor not less than thirty (30) days prior to expiration of each policy.

Franchisee understands and acknowledges that Franchisor may, on notice and in its sole discretion, raise, lower or otherwise change the amounts and types of insurance required under this Section 3.17 and Franchisee shall comply with such changed requirements upon expiration of the policies in force at the time Franchisor gave notice of the changes but in no event later than sixty (60) days after such notice.

3.18 <u>Encumbrances</u>.

During the term of this Agreement, except with the written consent of Franchisor, Franchisee shall not mortgage, pledge or otherwise assign as security, this Agreement, the

Restaurant or any part thereof, or any furniture, fixtures, furnishings, equipment, signs, decor or leasehold improvements located thereon, or any interest which Franchisee may have in any part thereof.

3.19 Point of Sale and Computer Systems.

(a) Franchisee must record and process all sales using a point of sale ("POS") system designated or approved by Franchisor or meeting specifications issued by Franchisor, including but not limited to the capacity to record sales transactions by dollar amount, product category and quantity, calculate applicable tax, provide daily totals, and process credit card, debit card and gift card transactions. Franchisor reserves the right to require Franchisee to use other computer systems (such as those for office and administrative functions) meeting Franchisor specifications. Franchisor has the right to require that such computer system be fully compatible with the Franchisor designated POS system, computer systems and information systems, loyalty programs, and other technology which may include Intranets or other systems as Franchisor may develop in the future. Without limiting the foregoing, Franchisor may require the use of an information interface capability through which Franchisee's POS system and other computer system communicate electronically with Franchisor designated computer or information system, and through which Franchisor could access data used or stored in Franchisee's POS or other computer systems.

(b) Franchisor has the independent right to access Franchisee’s computer systems for the Restaurant or to obtain information regarding the Restaurant’s transactions from a third party vendor providing the POS system, and to download information without notice to Franchisee.

3.20 Audit Rights, Recordkeeping & Reporting

(a) Recordkeeping. Franchisee shall throughout the term hereof, maintain and preserve at the Premises full, complete and accurate books, records and accounts of the Restaurant, and supporting data, all in accordance with generally accepted accounting principles and utilizing accounting records and systems as are, from time to time, approved by Franchisor. All records and reports required by this Agreement shall be in accordance with the system of accounting as contained in the Manuals.

(b) Audit. Franchisor shall have the right at any time during business hours, and without prior notice to Franchisee to inspect and audit, or cause to be inspected and audited, the books, records and financial statements, sales and income tax records and returns and other records of the Restaurant and the books and records of any corporation or partnership that holds the franchise. Franchisor right to audit shall include the right to access any computer systems directly or virtually. Franchisee shall fully cooperate with representatives of Franchisor and independent accountants hired by Franchisor to conduct any such inspection or audit. In the event that any such inspection or audit shall disclose an understatement of Gross Sales in any statements or reports submitted by Franchisee by two percent (2%) or more, than the cost of the audit, including without limitation, the charges for any certified public accountant(s) and the travel expenses, room, board and compensation of Franchisor employees connected with the audit shall be borne by Franchisee and the deficiency shall become immediately due and payable with interest payable as provided in Section 3.7(a) above. The foregoing remedy shall be in addition to any other rights Franchisor may have, including, but not limited to, the right to terminate this Agreement. An understatement of Gross Sales in any report submitted by Franchisee to Franchisor by two percent (2%) or more shall be grounds for immediate termination of this Agreement.

(c) Third Party Information. Franchisor shall have the right to access information about Franchisee maintained by third parties such as food delivery services (e.g., DoorDash) and vendors and suppliers to Franchisee.

(d) Surveys and Studies. The continuing development, improvement and success of the Franchisor Network, and of each Restaurant, requires meaningful, timely and accurate information concerning all functions and aspects of the business. In order that the Franchisor System can be fully evaluated and improved and benefit all franchisees thereof, Franchisee agrees to prepare and forward to Franchisor, at times specified and on forms supplied by Franchisor, information that Franchisor may require for its use in preparing studies and surveys relating to the Restaurants, the System and the Network, including but not limited to information regarding Franchisee's expenses, advertising information, or other data.

3.21 Right of Entry.

Franchisee shall permit Franchisor and its agents the right to enter upon the Premises at all times during regular business hours for the purpose of examining the books, records and financial statements, conducting inspections, on-site market surveys and studies. Franchisee shall cooperate with Franchisor representatives in these examinations and inspections; and, upon notice from Franchisor or its agents, and without limiting Franchisor other rights under this Agreement, shall take all necessary steps to promptly correct any deficiency detected during the inspection, including, without limitation, immediately desisting from offering and selling any disapproved product or service, or using advertising materials that do not conform with Franchisor then-current specifications or standards.

4. ARTICLE 4. FRANCHISOR OBLIGATIONS

4.1 Pre-Opening Services.

Franchisor shall assist Franchisee and perform activities in connection with the establishment of the Restaurant as follows:

(a) Site Selection Advice: Premises Specification. Franchisor will designate a commercial real estate broker to assist Franchisee in selecting an appropriate location for the Restaurant. Franchisor will advise and consult with Franchisee about site selection and will provide a nonstructural sample floor plan for the planning, designing and construction of improvements to the Premises, as provided in Section 3.9. Franchisor makes no representations, guarantees or warranties, either express or implied, regarding the profitable operation of Franchisee's Restaurant as a result of any site selection advice.

(b) Initial Training.

(i) Franchisee Management Training. Franchisor shall provide Franchisee management training on the establishment, management and operation of the Restaurant. The training program shall be attended by Franchisee designated owner operator and, at Franchisee's option, up to two additional persons designated as managers by Franchisee. Franchisee shall pay all expenses of travel, room, board and wages incurred by its trainee(s). If at any time new persons assume management of the Restaurant pursuant to Section 3.10(e), and Franchisor requires management training as a condition of approval, the new manager(s) must undertake and successfully complete the repeat manager training program provided for in Section 4.2(b) below.

(ii) Team Member Training and On-Site Assistance. Franchisor will also train your Restaurant employees (team members) at your Restaurant for a period of six (6) days, beginning two (2) days before the soft opening of the Restaurant. During this training period, Franchisor's representative(s) will also aid Franchisee with the set-up of the Restaurant and in learning operations and to assist in the establishment of standard operating procedures. This training shall be completed at least one week before Franchisee opens its Restaurant. In any event, Franchisee shall commence operation of the Restaurant only upon successful completion of the training program.

(iii) Opening Support and Training. Franchisor will provide two franchisee support personnel for two weeks after the initial training. Franchisee will reimburse Franchisor for post opening support and training.

(c) Manuals. Franchisor shall lend to Franchisee promptly following the completion of Franchisee's initial education and training one complete copy each of Franchisor Manuals, which shall at all times remain the property of Franchisor and be handled as herein provided.

(d) Initial Forms. Franchisor will provide Franchisee with initial copies of financial reporting forms as detailed by Franchisor in its Manuals.

(e) Initial Inventory Order. Franchisor will assist Franchisee with planning its initial inventory order from Franchisor's designated suppliers.

(f) Website Page. Franchisor will add Franchisee's Restaurant to its website and ensure that the Restaurant contact information and other information is populated. Franchisee shall provide information about its Restaurant's hours of operation, menu information, and related information to Franchisor promptly upon request to enable Franchisor to add and maintain this information.

4.2 Support for Restaurant Operations.

Throughout the term of this Agreement, Franchisor shall supply to Franchisee, in support and assistance of Franchisee's operations, the following:

(a) Visits. Franchisor will provide, at reasonable times and frequency, as determined by Franchisor, in its sole discretion, periodic visits to the Restaurant by a representative of Franchisor to provide consultation, advice, and information concerning the operation and growth of Franchisee's Restaurant.

(b) Additional Management Training; Conventions. Franchisor will provide periodic seminars for updates on new management techniques and other topics of interest to Franchisees of the Franchisor Network. In Franchisor's discretion, Franchisor may also provide in person conventions or business meetings for the Nation's Giant Hamburgers brand. Franchisor reserves the right to require Franchisee and its managers to attend mandatory conventions or meetings and to pay a per person fee as specified in the Manuals to attend such meetings. In addition to this training charge, which shall be payable to Franchisor by Franchisee upon demand, it will be the Franchisee's responsibility to pay all travel, room, board and other expenses incurred by Franchisee and its manager(s) while attending these seminars.

(c) Consultation. Franchisor will make available, at its corporate offices, personnel for consultation, in person or by written or telephone communication, concerning problems and questions arising in the day-to-day operation of Franchisee's Restaurant.

(d) Updates. Franchisor will disseminate periodic supplements and amendments to its Manuals as well as bulletins and other information of general interest to all Franchisees.

(e) Supplier Assistance. From time to time, Franchisor may negotiate with suppliers to sell Franchisee products that are prepared pursuant to its recipes, standards, formulae and processes; however, neither Franchisor nor its affiliates shall be liable to Franchisee for any nonperformance by or the acts or omissions of its designated or approved suppliers. Franchisor will use reasonable commercial efforts to negotiate favorable terms with reliable suppliers, but Franchisee understands that Franchisor cannot dictate the pricing, delivery and other terms offered by its suppliers or control their performance.

(f) Advertising. Franchisor will supervise the development of advertising, website maintenance including a page specific to Franchisee's Restaurant, promotional messaging, search engine optimization, and other programs pursuant to the terms of Section 3.4 hereof.

(g) Marketing Support. Franchisor will provide guidance and recommendations for Franchisee with respect to Franchisee's implementation of its own Local Marketing obligations, including designating an approved marketing firm for digital marketing and analyzing use of funds to consult with Franchisee.

(h) New Product and Service Training. In the event that Franchisee is authorized to offer a new product or service, Franchisor may mandate training prior to Franchisee's offer or sale of such new product or service. Franchisee shall be solely responsible for all travel, room, board and other expenses incurred in connection with such training and, if required, shall pay Franchisor's then-current per diem training costs.

4.3 <u>Protection of Proprietary Marks</u>.

Franchisor has taken and will continue to take all steps reasonably necessary to preserve and protect the ownership and validity of the Proprietary Marks. Franchisor will use, and permit Franchisee and other franchisees to use the Proprietary Marks only in accordance with the Franchisor System and the standards and specifications attendant thereto which underlie the goodwill associated with and symbolized by the Proprietary Marks.

5. ARTICLE 5. TERMINATION

5.1 <u>Termination by Franchisee; Opportunity to Cure</u>.

<u>Termination Only for Franchisor Breach</u>. If Franchisee is in substantial compliance with this Agreement and Franchisor materially breaches this Agreement, Franchisee may terminate this Agreement effective ten (10) days after delivery of notice thereof by registered or certified mail, addressed as provided in Section 7.5, if Franchisee gives written notice of such breach to Franchisor and Franchisor does not: (a) correct such failure within thirty (30) days after delivery of such notice; or (b) if such breach cannot reasonably be cured within thirty (30) days after delivery of such notice, undertake within ten (10) days after delivery of such notice, and continue until completion, efforts to cure any such breach. Any termination of this Agreement by Franchisee other than as provided in this Paragraph shall be deemed a termination by Franchisee without cause.

5.2 <u>Immediate Termination</u>.

(a) <u>Immediate Termination</u>. This Agreement shall automatically terminate upon delivery of notice of termination to Franchisee if:

(1) Franchisee or any of its owners fails to locate a site approved by Franchisor in accordance with Section 3.8 of this Agreement or fails to develop the Restaurant in accordance with plans and specifications furnished by Franchisor and to commence operation of business within the time provided in Section 3.10 of this Agreement;

(2) Franchisee fails to complete the training program to the satisfaction of Franchisor;

(3) Franchisee or any of its owners abandons, surrenders or transfers control of the operation of the Restaurant without prior approval of Franchisor;

(4) Franchisee or any of its owners has made any material misrepresentation or omission in the application for the franchise;

(5) Franchisee or any of its owners or affiliates are convicted of or plead no contest to a felony, or other crime or offense that may adversely affect the reputation of Franchisor or the Restaurant or the goodwill associated with the Proprietary Marks;

(6) Franchisee or any of its owners makes an unauthorized transfer of this Agreement, the franchise, the Restaurant, or an ownership interest in Franchisee;

(7) Franchisee or any of its owners makes any unauthorized use or disclosure of or duplicates any copy of any Confidential Information, makes any unauthorized use of the Proprietary Marks, or uses, duplicates, or discloses any portion of the Manuals;

(8) Franchisee or its owners becomes insolvent or makes a general assignment for the benefit of creditors, or a petition in bankruptcy is filed by Franchisee, or if such petition is filed against and consented by Franchisee or if Franchisee is adjudicated a bankrupt, or if a bill of equity or other proceeding for the appointment of a receiver of Franchisee or other custodian for the Restaurant or its assets is filed and consented to by Franchisee, or if a receiver or other custodian (permanent or temporary) of Franchisee's assets or property, or any part thereof, is appointed by any court of competent jurisdiction, or if a proceeding for a competition with creditors under any state or federal law should be instituted by or against Franchisee;

(9) Franchisee fails for a period of ten (10) days or more after notification of noncompliance, to comply with any federal, state or local law or regulation applicable to Franchisee's operation of the Restaurant;

(10) Franchisee engages in conduct that Franchisor reasonably determines will result in an imminent danger to public health or safety if Franchisee continues to operate the Restaurant;

(11) Franchisee fails to comply with any requirement under this agreement on three (3) or more separate occasions within any period of twelve (12) consecutive months, whether or not any such failure to comply is corrected after notice of default is given;

(12) Franchisee fails to comply with the same requirement under this Agreement on two (2) or more separate occasions within any period of twelve (12) consecutive months, whether or not any such failure to comply is corrected after notice of default is given; or

(13) Franchisor exercises its right of first refusal pursuant to Section 5.3 of this Agreement.

(b) <u>Termination After Notice of Default</u>. This Agreement shall terminate without further action by Franchisor or notice to Franchisee, if Franchisee or any of its owners:

(1) fails to timely and accurately report the Gross Sales of the Restaurant or fails to make payments of any amounts due Franchisor for royalty fees, advertising contributions, purchases from Franchisor or its affiliates, or any other amounts due to Franchisor or its affiliates, and does not correct such failure within ten (10) days after written notice of such failure is delivered to Franchisee;

(2) causes or permits to exist default under the lease for the Premises and fails to cure such default after notice within the applicable cure period set forth in the lease; or

(3) fails to comply with any other provision of this Agreement or any mandatory specification, standard, or operating procedure prescribed by Franchisor and does not:

(a) correct such failure within thirty (30) days after written notice of such failure to comply is delivered to Franchisee, or a longer period if required by applicable law.

5.3 Right of Repurchase in Response to Legal Changes.

In the event that the local, state, or federal law applicable to Franchisee and/or the Restaurant changes whether by passage of a new law or reinterpretations of an existing law (collectively, a "New Law") such that Franchisor becomes jointly and severally liable for Franchisee's obligations, or any material portion of such obligations, including but not limited to Franchisee's employment obligations to its employees, then Franchisor shall have the right to repurchase the assets of the Restaurant at the price of the Restaurant's last year of annual sales (or an extrapolation of annual sales based on actual sales if the Restaurant has been open less than one year), or the amount required by law if higher. Franchisor shall have the option to exercise this right at any time from the issuance of the New Law to one year after the initial applicability of such new law. If Franchisor exercises this right, all provisions of Section 5.4 shall apply except Section 5.4(e).

5.4 Rights and Duties on Termination.

In the event of any termination of this Agreement, whether by reason of action by Franchisee or Franchisor as above provided, or as elsewhere provided in this Agreement, or by the expiration of the term hereof, the parties shall have the following rights and duties:

(a) Cease Operation of Business under System and Proprietary Marks. All rights and privileges herein granted to Franchisee shall immediately terminate and revert to Franchisor, with all rights and goodwill of the Restaurant pertaining thereto, and Franchisee shall surrender all such rights and privileges, shall cease operation of the Restaurant business using the Franchisor System and Proprietary Marks in all connections, including any colorable imitation thereof or in any manner or for any purpose, or utilize for any purpose any trade name, trademark, service mark, logo or other insignia which is likely to cause confusion, mistake or deception or that falsely suggests or indicates a connection or association with Franchisor. Franchisee shall take all action as may be required to cancel all fictitious or assumed name or equivalent registrations relating to Franchisee's use of any Mark.

(b) Pay Creditors. Franchisee shall immediately pay all creditors of the Restaurant, including all sums then owing by Franchisee to Franchisor or its affiliates.

(c) Vacate Premise or Lease: Offer to Repurchase. Unless termination results solely from the exercise by Franchisee of Franchisee's option as provided in Section 5.1 hereof, Franchisor shall have the option, exercisable by written notice to Franchisee at any time within thirty (30) days from the date of termination hereof, to require that Franchisee assign to Franchisor the leasehold interest of Franchisee in the Premises in consideration of Franchisor assumption of the obligations thereunder. If Franchisor exercises this option, Franchisor shall repurchase from Franchisee all furniture, fixtures, furnishings, equipment, signs, decor and inventory owned by Franchisee and used in the operation of the Restaurant at the lower of their fair market value, or the price paid by Franchisee (less depreciation). Franchisor shall in any event, make purchases from Franchisee of inventory and supplies as may be required by applicable law.

(d) Transfer Telephone and Social Media Privileges; Remove Sign; Alterations. Franchisee shall relinquish and take all steps necessary to transfer all right, title and interest in all telephone numbers, listings, email addresses and accounts, all social media pages, websites or website pages, and advertising privileges concurrent therewith, relating to the Franchisee's Restaurant to Franchisor. Franchisee will notify applicable telephone companies, listing agencies, web hosting and related companies of the termination or expiration of Franchisee's right to use any such numbers, email addresses, websites or social media accounts and will comply in all ways with turnover, transfer or assignment of such numbers, accounts, listings, registrations and privileges to Franchisor. Franchisee, in the event Franchisor does not exercise its option to require vacation of the Premises (or assignment of the leasehold interest) as provided in subparagraph (c) above, shall also make removals or changes in signs, colors, menu and decor as Franchisor shall reasonably request so to effectively distinguish the Premises from their former appearance and from any other franchised Restaurants and return the Premises to pre-Franchisor condition.

(e) Franchisor Right To Purchase the Restaurant. Upon termination of this Agreement by Franchisor for cause or upon expiration of this Agreement (without renewal), Franchisor shall have the option, exercisable by giving written notice thereof within sixty (60) days from the date of such expiration or termination, to purchase from Franchisee all the assets of the Restaurant. Assets shall include, without limitation, furniture, fixtures, furnishings, equipment, signs, decor, leasehold improvements and the lease for the Premises. Franchisor shall have the unrestricted right to assign this option to purchase. In the event Franchisee owns the Premises, Franchisee shall grant to Franchisor or its assignee a retail lease, in a form acceptable to Franchisor, for a term of ten (10) years. Franchisor or its assignee shall be entitled to all customary warranties and representations in connection with its asset purchase, including, without limitation, representations and warranties as to ownership, condition and title to assets, liens and encumbrances on the assets, validity of contracts and agreements, and liabilities inuring to Franchisor or affecting the assets, contingent or otherwise.

The purchase price for the assets of the Restaurant shall be the price paid, minus depreciation, for all inventory, supplies, equipment, fixtures and furnishings purchased and paid for by Franchisee pursuant to this Agreement or any other Agreement between the parties; the purchase price shall not contain any factor or increment for any trademark, service mark or other commercial symbol used in connection with the operation of the Restaurant, and further provided that Franchisor may exclude from the assets purchased hereunder any furniture, fixtures, furnishings, equipment, signs, decor and inventory that are not approved as meeting quality standards for Restaurants.

The purchase price shall be paid in cash at the closing of the purchase, which shall take place no later than ninety (90) days after receipt by Franchisee of Franchisor notice to exercise this option to purchase, at which time Franchisee shall deliver instruments transferring to Franchisor or its assignee: (1) good and merchantable title to the assets purchased, free and clear of all liens and encumbrances (other than liens and security interests acceptable to Franchisor or its assignee), with all sales and other transfer taxes paid by Franchisee; and (2) all licenses and/or permits of the Restaurant which may be assigned or transferred. In the event that Franchisee cannot deliver clear title to all of the purchased assets as aforesaid, or in the event there shall be other unresolved issues, the closing of the sale shall be accomplished through an escrow. Further, Franchisee and Franchisor shall, prior to closing, comply with the applicable Bulk Sales provisions of the Uniform Commercial Code of the state where the Restaurant is located. Franchisor shall have the right to set off against and reduce the purchase price by any and all amounts owed by Franchisee to Franchisor, and the amount of any encumbrances or liens against the assets. If Franchisor or its assignee exercises this option to purchase, pending the closing of such purchase as hereinafter provided, Franchisor shall have the right to appoint a manager to maintain the operation of the Restaurant. Alternatively, Franchisor may require Franchisee to close the Restaurant during such time period without removing therefrom any assets, provided that the landlord for the Premises approves of such closure. Franchisee shall maintain in force all insurance policies required by this Agreement until the date of closing.

(f) Rights Not Exclusive. The foregoing rights of Franchisor upon termination by reason of breach or default hereunder shall not be exclusive, but shall be in addition to all other rights available to Franchisor under the terms hereof or under applicable law. Termination of this Agreement under any circumstances shall not abrogate, impair, release, or extinguish any debt, obligation, or liability of Franchisee which may have accrued hereunder, including without limitation any debt, obligation, or liability which was the cause of termination. All covenants and agreements of Franchisee which expressly or by their nature survive the expiration or termination of this Agreement shall continue in full force and effect subsequent to and notwithstanding its expiration or termination and until they are satisfied in full or by their nature expire.

(g) Activities Following Termination. Franchisee acknowledges that the elements comprising the Franchisor System are unique, proprietary and distinctive and have been developed by Franchisor as the result of great expenditures of time, effort and money; that Franchisee has regular and continuing access to valuable trade secret and confidential information; and that Franchisee recognizes its obligation to keep this trade secret and confidential information in confidence pursuant to the provisions of this Agreement. Franchisee therefore agrees as follows:

(i) Nondisclosure. If, prior to its expiration this Agreement is terminated by Franchisor in accordance with the provisions of this Agreement or by Franchisee without cause, or this Agreement expires pursuant to the terms hereof, Franchisee shall (1) immediately cease to use any Confidential Information of Franchisor disclosed to, or otherwise learned or acquired by Franchisee in any business or otherwise; (2) return to Franchisor all copies of the Manuals and any other confidential materials which have been loaned or made available to him or her by Franchisor; and (3) return to Franchisor all customer lists generated and/or used by the Restaurant.

(ii) Competition. Franchisee acknowledges that in addition to the license of the Proprietary Marks hereunder, Franchisor has also licensed a large body of commercially valuable information including, but not limited to, operations, marketing, advertising and related materials and that the value of this information derives not only from the time, effort and money which went into its compilation but from the usage of same by all franchisees in the Franchisor Network to develop System goodwill. Franchisee therefore agrees that, unless this Agreement is terminated pursuant to Section 5.1 hereof, in order to foster System loyalty, protect the Restaurants and the System and protect the ability of Franchisor to sell new franchise rights within the Area, neither Franchisee, nor any shareholder or partner of Franchisee (in the event Franchisee is a corporation or a partnership), nor any member of Franchisee's immediate family, will, for a period of two (2) years, commencing on the effective date of termination, or the date on which Franchisee ceases the business conducted pursuant to this Agreement, whichever is later, have any interest as an owner, investor, partner, director, officer, employee, consultant, representative or agent, in any Competitive Business, within ten (10) miles of the location of the Premises (except ownership of securities that are traded on a stock exchange or on the over-the-counter market representing five percent (5%) or less of the equity or voting power of the issuer thereof). It is understood and agreed by Franchisee that the purpose of this covenant is not to deprive Franchisee of means of livelihood, but is rather to protect the goodwill and interests of Franchisor, the Franchisor System and Network of franchised Restaurants.

6. ARTICLE 6. TRANSFER AND ASSIGNMENT

6.1 Prior Offering and Consent: Conditions For Approval.

Franchisee understands and acknowledges that the rights and duties created by this Agreement are personal to Franchisee and that Franchisor has granted this franchise in reliance upon the individual character, skill, aptitude, attitude, business ability and financial capacity of Franchisee. Therefore, except as hereinafter provided in Section 6.4 with respect to assignment to a corporation or partnership, neither this Agreement nor the franchise (or any interest therein), nor any part or all of the ownership of Franchisee or the Restaurant (or any interest therein) may be transferred without the prior written approval of Franchisor, and any such transfer without approval shall constitute a breach hereof and convey no rights to or interests in this Agreement, the franchise, Franchisee or the Restaurant. As used in this Agreement the term "transfer" shall mean and include the voluntary, involuntary, direct or indirect assignment, sale, gift or other transfer by Franchisee (or any of its owners) of any interest in: (1) this Agreement; (2) the franchise; (3) the ownership of Franchisee; or (4) the Restaurant. An assignment, sale, or other transfer shall include the following events: (1) the transfer of any ownership interest in Franchisee or the Franchised Business, whether by transfer of capital stock, partnership interest or otherwise; (2) merger or consolidation or issuance of additional securities representing an ownership interest in Franchisee; (3) any sale of voting stock of or other ownership interest in Franchisee or the sale of any security or debt interest that is convertible to voting stock of or other ownership interest in Franchisee; (4) transfer of an interest in this Agreement, the franchise, Franchisee or the Restaurant in a divorce, insolvency, corporate or partnership dissolution proceeding or otherwise by operation of law; or (5) transfer of an interest in this Agreement, the franchise, Franchisee or the revenues, profits, rights or assets of the Restaurant in the event of the death of Franchisee or an owner of Franchisee, by will, declaration of or transfer in trust, or under the laws of interstate succession. If Franchisee is in full compliance with this Agreement, Franchisor shall not unreasonably withhold its approval of a transfer that meets all of the applicable requirements of this Section 6.1. A transfer of ownership of the Restaurant may only be made in conjunction with a transfer of the franchise and this Agreement and a transfer of the franchise or this Agreement may only be made in conjunction with a transfer of the Restaurant and all in all cases the following conditions must be met prior to, or concurrently with, the effective date of the transfer:

(a) Franchisee has complied with the provisions of Section 6.3 below and Franchisor has been given and has declined to exercise the right of first refusal as described in Section 6.3 below; and

(b) The proposed transferee meets Franchisor uniform standards of qualification then applicable with respect to all applicants for a Restaurant franchise including, but not limited to, financial strength, business experience, and other relevant business considerations; and

(c) As of the effective date of the transfer, all obligations of Franchisee under all written contracts and agreements between Franchisee and Franchisor are fully satisfied; and

(d) Franchisor is paid a transfer fee in the amount of ninety percent (90%) of the then-current initial franchise fee by the effective date of the transfer to the transferee (except that transfer to an existing franchisee of the System in good standing shall only require a payment of 50% of the then-current initial franchise fee, and a transfer to the same parties owning this Restaurant shall be subject only to an administrative fee of $1,500); and

(e) Prior to the commencement of training, the transferee shall, have signed and agreed to be bound by the then current form of franchise agreement and other ancillary agreements, which shall waive the initial franchise fees, provide for a term equal to the remaining term hereof and contain other provisions to clarify that it is for a transfer of an existing franchise rather than the sale of a new franchise, and which may provide for higher royalty fees, advertising contributions or expenditures, and different rights and obligations than are provided in this Agreement; and

(f) The transferee must attend and satisfactorily complete the training program provided by Franchisor as provided in Section 4.1 (b) prior to the effective date of the transfer; and

(g) Franchisee assigns to the transferee its leasehold interest in the Premises; and

(h) Except to the extent limited by applicable law, Franchisee and its owner(s) have executed a general release, in form satisfactory to Franchisor, of any and all claims against Franchisor and its affiliates, directors, officers, employees and agents; and

(i) Franchisee and its owners must execute a noncompetition agreement in favor of Franchisor and the transferee, agreeing that for a period of two (2) years, commencing on the effective date of transfer, Franchisee, its owners and members of the immediate family of Franchisee or each owner of Franchisee will not hold any direct or indirect interest as a disclosed or beneficial owner in any Competitive Business located or operating within ten (10) miles of the Restaurant (other than other restaurants operated under franchise agreements with Franchisor), or any entity which is granting franchises or licenses or establishing joint ventures for the operation of Competitive Businesses; and

(j) Franchisor shall have approved the material terms and conditions of the assignment, which approval shall not be unreasonably withheld including, without limitation, a determination that the price and terms of payment are not so burdensome as to adversely affect the future operations of the Restaurant by the proposed transferee in compliance with the terms and conditions of the franchise agreement; and

(k) If Franchisee finances any part of the sale price of the transferred interest, Franchisee and/or its owners must agree that all obligations of the transferee under or pursuant to any promissory note, agreements or security interests reserved by Franchisee or its owners in the assets of the Restaurant or the Premises shall be subordinate to: (i) the obligations of the transferee to pay franchise fees, royalty fees, advertising contributions and other amounts due to Franchisor, and otherwise to comply with this Agreement or the franchise agreement executed by the transferee; and (ii) the collateral security interest of Franchisor in the lease of the Premises.

If the proposed transfer is to or among owners of Franchisee, Subparagraph (d) of the above requirements shall not apply and subparagraphs (j) and (k) shall not apply to transfers by gift, bequest or inheritance.

6.2 Death or Disability.

Notwithstanding the provisions of Section 6.1, in the event of the death or permanent disability of Franchisee or if Franchisee is a corporation or partnership or the owner of a majority interest therein, the executor, administrator, conservator or other personal representative of such person shall transfer Franchisee's interest within a reasonable time, not to exceed six (6) months from the date of death or permanent disability, to a third party approved by Franchisor. This transfer, including, without limitation, transfers by devise or inheritance, shall be subject to all of the terms and conditions contained in Section 6.1 hereof, and the following:

(a) Appointment of Manager. If, within ten (10) days after the death or permanent disability, Franchisee's Restaurant is not being managed by a competent and trained manager, Franchisor is authorized, but is not obligated, to immediately appoint a manager for Franchisee's Restaurant for a period of up to ninety (90) days, terminating when an approved Franchisee-appointed manager or approved transferee can assume the management of Franchisee's Restaurant. In the event that Franchisee does not provide an approved Franchisee-appointed manager or an approved transferee, Franchisor may renew its appointment of an interim manager for additional periods of time, not to exceed ninety (90) days each and one (1) year of consecutive management by Franchisor. Franchisor will discuss matters material to Franchisee's Restaurant with the Franchisee, or Franchisee's representatives, at least once per quarter during any period of management. Franchisor appointment of an interim manager of the Restaurant pursuant to this Section shall not relieve Franchisee of any obligations under this Agreement and Franchisor shall not be liable for any debts, losses, costs or expenses incurred in the operation of the Restaurant or to any of Franchisee's creditors for any products, materials, supplies or services purchased by the Restaurant during any period during which it is managed by a manager appointed by Franchisor. Franchisor will charge Franchisee a management fee equal to the manager's salary plus ten percent (10%) of the manager's salary. Franchisor may cease to provide such management services at any time and, upon Franchisee's request, shall account for revenues and expenditures of the Restaurant during any period in which Franchisor provides such services.

6.3 Right of First Refusal.

In the event Franchisee desires to make any sale, assignment or other transfer referred to in Section 6.1, Franchisee shall notify Franchisor of this intention before extending any offer or making any arrangements to sell, assign or transfer. Upon receipt of any bona fide offer and before unconditionally accepting any bona fide offer for any sale, assignment or transfer, Franchisee will submit an exact copy of the written offer or writings encompassing such offer to Franchisor, or if not in writing, Franchisee will submit to Franchisor in writing all of the terms and conditions of such offer fully and accurately, including the identity of the purchaser. Franchisor shall have the right, exercisable by written notice delivered to Franchisee, to accept this offer on equal terms and price at any time within thirty (30) days following receipt by Franchisor of the offer or terms and conditions of the offer in writing as provided above. If Franchisor does not exercise its right of first refusal, Franchisee may complete the proposed sale, assignment or other transfer pursuant to and on the terms of the offer, and in compliance with all provisions of Section 6.1. In the event the sale, assignment or other transfer is not completed within sixty (60) days after delivery of the information about the offer to Franchisor as required above, or if there is a material change in the terms of the sale, assignment or other transfer after the delivery of the required information to Franchisor, Franchisor right of first refusal and the process and time periods required above shall be initiated again.

6.4 Assignment to Franchisee Entity.

Notwithstanding Section 6.1, Franchisee may assign and delegate this Agreement and Franchisee's rights and obligations hereunder to a corporation, limited liability company or partnership ("entity") organized by Franchisee solely for the purpose of operating the Restaurant provided that Franchisee retains ownership and control of at least fifty-one percent (51%) of the equity and voting power of the entity, and further provided that:

(a) The shareholders, members or partners are all identified to and approved by Franchisor; and

(b) The articles of incorporation, articles of partnership, limited liability formation and operating agreements, partnership agreement, bylaws or other organizational documents of the entity shall recite that the issuance and assignment of any interest therein is restricted by the terms of Sections 6.1 and 6.3 of this Agreement, and in the case of a corporation, all issued and outstanding stock certificates of the corporation shall bear a legend reflecting or referring to the restrictions of Sections 6.1 and 6.3 in a form satisfactory to counsel for Franchisor; and

(c) Each shareholder, officer, director, member or partner of Franchisee shall execute an agreement in form attached to this Agreement as Exhibit 2 undertaking to be bound jointly and severally by the provisions of this Agreement; and

(d) The parties will document the assignment by entering into a form of assignment as approved by Franchisor; and

(e) The entity shall furnish to Franchisor at any time upon request, in form as Franchisor may require, a list of all shareholders, members, directors, officers or partners of Franchisee reflecting their respective interests in and positions with Franchisee; and

(f) The entity shall at no time engage, directly or indirectly, in any Competitive Business or in any similar business activity other than those directly related to the operation of Franchisee's Restaurant, pursuant to all terms and conditions of this Agreement, including, but not limited to Section 3.10(e); and

(g) Franchisor shall be given written notice of the assignment and delegation, and upon compliance with the foregoing, the entity shall have all of said rights and obligations, and the term "Franchisee" as used herein shall refer to the corporation, limited liability company or partnership.

6.5 Consent Does Not Constitute Waiver.

Franchisor consent to an assignment or transfer of any interest subject to the restrictions of this Article 6 shall not constitute a waiver of any claims it may have against the transferring party, nor shall it be deemed a waiver of Franchisor right to demand exact compliance with any of the terms or conditions hereof by transferee.

6.6 Transfer or Assignment By Franchisor.

This Agreement is fully assignable by Franchisor and shall inure to the benefit of any assignee or other legal successor to the interest of Franchisor herein.

7. ARTICLE 7. ADDITIONAL LIMITATIONS AND PROVISIONS

7.1 Independent Status.

This Agreement and the activities pursuant hereto do not and will not be deemed to create any relationship between Franchisor and Franchisee or any other party of agency, partnership, joint venture or employment, or any other relationship except that of franchisor and franchisee. Franchisee is and shall be solely an independent contractor and shall at no time act or represent itself to be acting in any other capacity. Without limiting the foregoing, Franchisee shall not incur any obligation or indebtedness on behalf of Franchisor; shall only contract or otherwise incur any obligation or indebtedness only in Franchisee's own name, which, if Franchisee is a corporation or partnership, shall at no time include Franchisor name or Proprietary Marks or any part thereof, or be so similar thereto so as to be in any way misleading; and Franchisee shall otherwise comply with the provisions of Section 3.11 hereof.

7.2 Construction; Whole Agreement; Amendments.

This Agreement contains the entire understanding of the parties, except for such additional agreements and understandings as may, concurrently herewith or hereafter be set forth in written agreements executed by both parties hereto. This Agreement shall be effective only when executed by a duly authorized representative of Franchisor, and no amendment or addition hereto shall be effective unless in writing, executed by a duly authorized representative of Franchisor and by Franchisee.

Nothing in this Agreement is intended, nor shall be deemed, to confer any rights or remedies upon any person or legal entity not a party hereto. Except where this Agreement expressly obligates Franchisor to reasonably approve or not unreasonably withhold its approval of any action or request by Franchisee, Franchisor has the absolute right to refuse any request by Franchisee, or to withhold its approval of any action or omission by Franchisee. The headings of the several sections and paragraphs hereof are for convenience only and do not define, limit, or construe the contents of such sections or paragraphs. The term "attorneys' fees" shall include, without limitation, reasonable legal fees, whether incurred prior to, in preparation for or in contemplation of the filing of any written demand or claim, action, hearing or proceeding to enforce the obligations of this Agreement. The term "member of the immediate family" as used herein refers to parents, spouses, offspring and siblings and their spouses, and the parents and siblings of spouses. References to a "controlling interest" in Franchisee shall mean more than fifty percent (50%) of the voting control of Franchisee if Franchisee is a corporation, and any general partnership interest if Franchisee is a partnership. The term "Franchisee" as used herein is applicable to one or more persons, a corporation or a partnership, as the case may be. The singular usage includes the plural and the masculine and neuter usages include the other and the feminine. If two or more persons are at any time Franchisee hereunder, whether or not as partners or joint venturers, their obligations and liabilities to Franchisor shall be joint and several. This Agreement shall be executed in multiple copies, each of which shall be deemed an original.

Nothing in this or any related agreement, however, is intended to disclaim the representations Franchisor made in the franchise disclosure document that Franchisor furnished to Franchisee.

7.3 No Representations or Warranties.

Franchisee specifically recognizes and acknowledges that the success of the business venture contemplated by this Agreement depends largely upon the abilities of Franchisee as an independent business person, as well as other factors, such as market and economic conditions beyond the control of Franchisor and Franchisee. Franchisee acknowledges entering into this Agreement only after making a thorough, independent investigation of Franchisor operations and program and the competitive market thereof, and not upon any representation, whether as to sales or profits which Franchisee might expect to realize or otherwise. Franchisee acknowledges that there has been no representation or warranty not expressly stated in this Agreement made by Franchisor or any representative thereof or any other person on its behalf, regarding the potential success of Franchisee's business, or otherwise.

7.4 Severability; Additional Assurances.

Should any provision of this Agreement be for any reason held invalid, illegal or unenforceable, that provision shall be deemed restricted in application to the extent required to render it valid and the remainder hereof shall in no way be affected and shall remain valid and enforceable for all purposes, both parties hereto declaring that they would have executed this

Agreement without inclusion of the invalid, illegal or unenforceable provision. If any of the provisions of this contract are inconsistent with applicable state law, then the state law shall apply. Each party agrees to execute and deliver to the other any further documents that may be reasonably required to fully effectuate the provisions hereof. To the extent that either Sections 3.10(d), 3.10(e) or 5.4(g)(ii) is deemed unenforceable by virtue of its scope of area, prohibited business activity or length of time, but may be made enforceable by reductions of any or all provisions thereof, Franchisee and Franchisor agree that Sections 3.10(d), 3.10(e) or 5.4(g)(ii) shall be enforced to the fullest extent permissible under the laws and public policies applied in the jurisdiction in which enforcement is sought. Although printed provisions of this Agreement were prepared by Franchisor, this Agreement shall not be construed either for or against Franchisor or Franchisee, but shall be construed in accord with the general tenor of the language to reach a fair and equitable result.

7.5 Notices.

All notices or demands shall be in writing and shall be served in person, by Express Mail, by certified mail, by private overnight delivery or by electronic transmission (fax). Service shall be deemed conclusively made: (i) at the time of service, if personally served; (ii) twenty-four (24) hours (exclusive of weekends and national holidays) after deposit in the United States mail, properly addressed and postage prepaid, if served by Express Mail; (iii) upon the earlier of actual receipt or three (3) calendar days after deposit in the United States mail, properly addressed and postage prepaid, return receipt requested, if served by certified mail; (iv) twenty-four (24) hours after delivery by the party giving the notice, statement or demand if by private overnight delivery; and (v) one (1) business day after electronic transmission (with confirmation copy sent by regular United States mail):

To Franchisor: Nation's Franchisor, Inc.
601 E. Walnut St.
Garland, TX 75040
franchisor@nationsrestaurant.com

To Franchisee:______________________________________
____
____
____

Either party may change the address for notices by written notice to the other in accordance with the foregoing.

7.6 Costs and Attorneys' Fees.

In any legal action or arbitration proceeding between the parties arising out of or related to this Agreement, the prevailing party shall be entitled to recover its costs and expenses, including reasonable accounting and legal fees.

7.7 Successors and Assigns.

Subject to the above provisions concerning assignments and transfers by Franchisee, this Agreement shall inure to the benefit of and be binding upon the successors, assigns and legal representatives of the parties hereto.

7.8 Headings.

The subject headings of the paragraphs and subparagraphs of this Agreement are included for the purpose of convenience only, and shall not affect the construction or interpretation of any of its provisions.

7.9 Governing Law; Jurisdiction.

Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 et seq.) or other applicable state law, This Agreement shall be governed by and construed in accordance with the laws of the State of Texas, without giving effect to any conflict of laws principles. If, however, any provision of this Agreement would not be enforceable under the laws of Texas, and if Restaurants are located outside of Texas and such provision would be enforceable under the laws of the state in which Restaurants are located, then such provision shall be interpreted and construed under the laws of that state. For the purposes of injunctive relief pursuant to Section 7.11(b), Franchisee irrevocably submits to jurisdiction of the Superior Court of the State of Texas and the Federal Court for the Northern District of Texas. Franchisee irrevocably agrees that venue for any action in arbitration or otherwise shall be in the county where Franchisor's headquarters then are located, currently Dallas County, Texas. Franchisee waives any objection to the jurisdiction of such courts or to venue in Dallas County, Texas.

7.10 Jury Trial, Consequential Damages and Punitive Damages Waiver.

FRANCHISOR AND FRANCHISEE KNOWINGLY, VOLUNTARILY, AND INTENTIONALLY WAIVE THEIR RESPECTIVE RIGHTS TO A TRIAL BY JURY AND WAIVE ANY CLAIM FOR CONSEQUENTIAL, INDIRECT, INCIDENTAL, SPECIAL, ENHANCED, PUNITIVE, MULTIPLE, AND/OR EXEMPLARY DAMAGES, REGARDLESS OF WHETHER SUCH DAMAGES WERE FORESEEABLE OR WHETHER EITHER PARTY WAS ADVISED OF THE POSSIBILITY OF SUCH DAMAGES, EXCEPT THAT EACH PARTY SHALL BE FREE AT ANY TIME HEREUNDER TO BRING AN ACTION FOR WILLFUL TRADEMARK INFRINGEMENT AND, IF SUCCESSFUL, TO RECEIVE AN AWARD OF MULTIPLE DAMAGES AS PROVIDED BY LAW.

7.11 Dispute Resolution.

(a) All controversies, disputes or claims arising between Franchisor and Franchisee (including any claim against Franchisor officers, directors, agents, employees, licensors, licensees, independent contractors or consultants in their capacity as such, or against the owners and guarantors of Franchisee, if applicable) in connection with, arising from, or with respect to: (1) any provision of this Agreement or any other agreement between the parties related to this Agreement; (2) the relationship of the parties hereto; (3) the validity of this

Agreement or any other agreement between the parties related to this Agreement, or any provision thereof; or (4) any specification, standard or operations procedure relating to the establishment or operation of the Restaurant (except controversies, disputes or claims relating to the Proprietary Marks or any lease of real estate) shall be submitted for mediation to Judicial Arbitration and Mediation Services ("JAMS") or such other dispute resolution service agreed upon by the parties for mediation. If JAMS or such other dispute resolution service is unable to successfully resolve any dispute, the dispute shall be determined by binding arbitration administered by JAMS pursuant to its Comprehensive Arbitration Rules and Procedures, and in such jurisdiction as set forth in Section 7.9. Judgment on any resulting award may be entered in any court having jurisdiction. This clause shall not preclude parties from seeking provisional remedies in aid of arbitration from a court of appropriate jurisdiction, including those named in Section 7.9.

(b) Franchisor may enforce by judicial process any right Franchisor may have to possession of the Restaurant under this Agreement or any collateral conditional assignment of lease with Franchisee. Further, Franchisor has the right to seek preliminary and permanent injunctive relief prohibiting unauthorized use or infringement of any of the Proprietary Marks or unauthorized use of any licensed software program or copyrighted material or other confidential information, in any court of competent jurisdiction under customary equity rules, without submitting the dispute to mediation. Franchisee agrees that Franchisor will have the right to seek any provisional remedy, including preliminary injunctive relief necessary to enforce this Agreement or the termination hereof or to restrain conduct by Franchisee in the operation of the Restaurant that could materially damage the goodwill associated with the Proprietary Marks and the reputation of Franchisor Restaurant without prior submission of the claim to mediation or pending the outcome of any mediation commenced. Franchisee agrees that Franchisor will not be required to post a bond to obtain any injunctive relief and that Franchisee's only remedy if an injunction is entered against Franchisee will be the dissolution of that injunction. It is agreed that either party may seek injunctive relief to prohibit a wrongful termination of this Agreement by the other party without first submitting the dispute to mediation.

7.12 Limitations of Actions.

Any and all claims arising out of this Agreement or the relationship of Franchisee and Franchisor in connection with Franchisee's operation of the Restaurant must be made within one (1) year from the occurrence of the facts giving rise to such claims or one (1) year after this Agreement expires or is terminated for any reason. Franchisee agrees that any claim or action not brought within the periods required under this Section shall forever be barred as a claim, counterclaim, defense, or set off.

8. ACKNOWLEDGMENTS.

8.1 General.

Franchisee, and if franchisee is not a natural person its Owners, jointly and severally acknowledge that they have carefully read this Agreement and all other related documents to be executed concurrently or in conjunction with the execution of this Agreement, that they have obtained the advice of counsel in connection with entering into this Agreement, that they understand the nature of this Agreement, and that they intend to comply herewith and be bound hereby. Franchisor expressly disclaims making, and Franchisee acknowledges that it or they have not received or relied on any warranty or guarantee, express or implied, as to the potential volume, profits, expenses or success of the business venture contemplated by this Agreement.

8.2 Independent Investigation.

Franchisee acknowledges that Franchisee has conducted an independent investigation of the business franchised under this Agreement, recognizes that the business venture contemplated by this Agreement involves business risks, and that its success will be largely dependent upon the ability of Franchisee and if an Entity, its Owners, as independent businesspersons. 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.

8.3 Copy of Agreement.

Franchisee acknowledges that it received a copy of this Agreement, the Attachments annexed to this Agreement, and agreements relating to this Agreement, if any, with all of the blank lines therein filled in prior to the date on which this Agreement was executed.

8.4 Opportunity to Consult.

Franchisee acknowledges that it has read and understood this Agreement, the Attachments annexed to this Agreement, and agreements relating thereto, if any, 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.

8.5 Franchise Disclosure Document.

Franchisee acknowledges that it has received a copy of the complete Franchisor's Franchise Disclosure Document which contains a copy of this Franchise Agreement, at least fourteen (14) calendar days prior to the date on which this Agreement was executed. Franchisee acknowledges and agrees that Franchisor has made no promises, representations, warranties or assurances to Franchisee which are inconsistent with the terms of this Agreement or Franchisor's Franchise Disclosure Document, concerning the profitability or likelihood of success of Restaurant at the Franchised Location, that he has been informed by Franchisor that there can be no guarantee of success in the franchised business and that Franchisee's business ability and aptitude is primary in determining his success.

8.6 Anti-Terrorism Laws.

Neither Franchisee nor any of its Owners conducts any activity, or has failed to conduct any activity, if such action or inaction constitutes a money laundering crime, including any money laundering crime prohibited under the International Money Laundering Abatement and Anti-Terrorist Financing Act ("Patriot Act") and any amendments or successors thereto.

(a) Neither Franchisee, any of its Owners nor any employee of either of them is named as a "Specially Designated Nationals" or "Blocked Persons" as designated by the U.S. Department of the Treasury's Office of Foreign Assets Control. Currently, this list is published under the internet website address "www.treas.gov/offices/enforcement/ofac/sdn/". Franchisee is neither directly nor indirectly owned or controlled by the government of any country that is subject to a United States embargo. Nor does Franchisee or its Owners act directly or indirectly on behalf of the government of any country that is subject to a United States embargo. Franchisee agrees that it will notify Franchisee in writing immediately of the occurrence of any event, which renders the foregoing representations and warranties of this paragraph incorrect.

(b) Franchisee represents that it understands and has been advised by legal counsel on the requirements of the Applicable Laws referred to above, including the United States Foreign Corrupt Practices Act (currently located at www.usdoj.gov/criminal/fraud/fcpa.html), any local foreign corrupt practices laws and the Patriot Act (currently located at www.epic.org/privacy/terrorism/hr3162.html), and hereby acknowledges the importance to Franchisor, Nation's Giant Hamburgers System and the parties' relationship of their respective compliance with any applicable auditing requirements and any requirement to report or provide access to information to Franchisor or any government, that is made part of any Applicable Law. Franchisee shall take all reasonable steps to require its consultants, agents and employees to comply with such laws prior to engaging or employing any such persons.

8.7 Counterparts and Electronic Transmission; Electronic Signatures.

This Agreement and its Attachments may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument. Copies of this Agreement and its Attachments with signatures that have been transmitted by email or by facsimile shall constitute and will be deemed original copies of this Agreement and its Attachments for all purposes, provided that the copies are fully executed, dated and identical in form to the original hard copy version of this Agreement and its Attachments. In addition, this Agreement and all Attachments to this Agreement may be signed electronically by the parties and electronic signatures appearing on this Agreement and the Attachments shall be deemed to be the same as handwritten signatures for the purposes of the validity, enforceability and admissibility of this Agreement and the Attachments.

[Signature page follows]

FRANCHISOR	**FRANCHISEE**
Nation's Franchisor, Inc. ("Franchisor")	______________________________ (Name of Entity)
By: ______________________________ (Signature)	By: ______________________________ (Signature)
Title: ______________________________	Title: ______________________________
Date: ______________________________	Date: ______________________________

FRANCHISEE

____
(Print Name)

By: ______________________________
(Signature)

Date: ______________________________

EXHIBIT 1 TO FRANCHISE AGREEMENT

The Premises at which the Restaurant will be operated in accordance with Section 2.1 is:

____

____

____

The Designated Area referred to in subparagraph (b) of Section 2.1 shall be:

____

____

____

FRANCHISOR

Nation's Franchisor, Inc. ("Franchisor")

By: ____________________________
(Signature)

Title: ____________________________

Date: ____________________________

FRANCHISEE

____
(Name of Entity)

By: ____________________________
(Signature)

Title: ____________________________

Date: ____________________________

FRANCHISEE

____
(Print Name)

By: ____________________________
(Signature)

Date: ____________________________

EXHIBIT 2 TO FRANCHISE AGREEMENT

<u>Guaranty and Assumption of Franchisee's Obligations</u>

In consideration of, and as required by Section 6.4(c) of the above Franchise Agreement (the "Agreement") each of the undersigned hereby personally and unconditionally:

(1) guarantees to Nation's Franchisor, Inc. ("Franchisor") and its successors and assigns, for the term of the Agreement including renewals thereof, that ___________________ ("Franchisee") shall punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement; and

(2) agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Agreement.

Each of the undersigned waives the following:

(1) acceptance and notice of acceptance by Franchisor of the foregoing undertakings; and

(2) notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed; and

(3) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed; and

(4) any right he or she may have to require that an action be brought against Franchisee or any other person as a condition of liability; and

(5) any and all other notices and legal or equitable defenses to which he or she may be entitled, including defenses arising by reason of California Civil Code Sections 2806 through 2855.

Each of the undersigned consents and agrees that:

(1) his or her direct and immediate liability under this guaranty shall be joint and several; and

(2) he or she shall render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so; and

(3) such liability shall not be contingent or conditioned upon pursuit by Franchisor of any remedies against Franchisee or any other person; and

(4) 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 during the term of the Agreement, including renewals thereof.

WITNESS	GUARANTOR(S)	%
______________________ (Signature)	______________________ (Signature)	_______
______________________ (Print Name)	______________________ (Print Name)	
______________________ (Date)	______________________ (Date)	
______________________ (Signature)	______________________ (Signature)	_______
______________________ (Print Name)	______________________ (Print Name)	
______________________ (Date)	______________________ (Date)	
______________________ (Signature)	______________________ (Signature)	_______
______________________ (Print Name)	______________________ (Print Name)	
______________________ (Date)	______________________ (Date)	

EXHIBIT 3 TO FRANCHISE AGREEMENT

<u>Confidentiality Agreement</u>

In consideration of my [employment/continued employment] by ____ ("EMPLOYER") and other good and valuable consideration, receipt of which is acknowledged, I acknowledge and agree that:

1. EMPLOYER is the franchisee of a Nation's Giant Hamburgers Restaurant Business pursuant to a franchise agreement with Nation's Franchisor, Inc. ("FRANCHISOR"). FRANCHISOR has developed certain information of a confidential, proprietary or trade secret nature that gives FRANCHISOR and EMPLOYER a competitive edge in their businesses. For purposes of this Agreement, all such confidential, proprietary or trade secret information will be referred to as "Confidential Information." Confidential Information includes without limitation: (1) methods and procedures for the establishment and operation of food establishments known as "NATION'S GIANT HAMBURGERS"; (2) recipes, ingredients, methods, techniques, specifications, procedures, information, systems, and knowledge of and experience in the development, operation and franchising of Franchisor Restaurant businesses; (3) marketing programs; (4) client lists and employee lists; and (5) patterns, computer programs, marketing and sales plans, product development plans, competitive analyses, business and financial planner forecasts, non-public financial information, agreements, and information that FRANCHISOR has a legal obligation to treat as confidential or which FRANCHISOR treats as proprietary or designates as confidential.

2. As an employee of EMPLOYER, I will receive valuable Confidential Information, disclosure of which would be detrimental to EMPLOYER, FRANCHISOR and its franchisees, and other Franchisor Restaurant businesses. I will not use trade secret information that I have learned from previous employers in connection with EMPLOYER's business.

3. I will hold in strict confidence the Confidential Information and any other information designated by EMPLOYER or FRANCHISOR as confidential. I will not disclose any portion or all of the Confidential Information to non-Franchisor Restaurant employees or to employees who are not authorized to have access to the Confidential Information, and I will use it only in connection with my duties as an employee of EMPLOYER as may be necessary in the ordinary course of performing my duties for EMPLOYER or otherwise as directed by EMPLOYER, unless EMPLOYER otherwise agrees in writing. My promise not to disclose the Confidential Information is a condition of my employment by EMPLOYER and continues even after I leave the employ of EMPLOYER.

4. I agree that I will not compete with EMPLOYER or FRANCHISOR during the time that I am employed by or am an agent of EMPLOYER. More specifically, I agree that during that time I will not do any of the following things for myself or for anyone else: (a) encourage customers to do business with any competitor of EMPLOYER; (b) acquire an interest in, or promote, aid or assist, any business that is of

the same general type as a Nation's Giant Hamburgers Restaurant; (c) encourage employees or agents of EMPLOYER to quit their jobs or agency relationships with EMPLOYER or to encourage employees or agents to encourage customers to do business with any competitor of EMPLOYER or to encourage employees or agents to acquire an interest in, or promote, and or assist, any business that is of the same general type as EMPLOYER's. I agree that my obligation in (c) directly above shall continue beyond the termination date of my employment or agency for an additional period of one (1) year.

5. FRANCHISOR is a third-party beneficiary of this Agreement and may enforce it. My violation of this Agreement will cause FRANCHISOR and EMPLOYER irreparable harm; therefore, I acknowledge and agree that EMPLOYER and/or FRANCHISOR may apply for the issuance of an injunction preventing me from violating this Agreement and agree to pay EMPLOYER and/or FRANCHISOR all the costs incurred, including attorneys' fees, if this Agreement is enforced against me. I agree that EMPLOYER and/or FRANCHISOR may also seek a judgment against me for money damages that result from my violation of those duties if EMPLOYER and/or FRANCHISOR is able to prove the amount of those damages. Due to the importance of this Agreement to EMPLOYER, any claim I have against EMPLOYER is a separate matter and does not entitle me to violate, or justify any violation of this Agreement. If any part of this Agreement is held invalid by a court or agency, the rest of the Agreement is still enforceable and the part held invalid is enforceable to the extent found reasonable by the court or agency.

6. This Agreement has been negotiated, prepared, executed and delivered in several jurisdictions, including the State of Texas, United States of America. Accordingly, in order to establish with certainty that this Agreement will be governed by one body of well-developed commercial law, the parties hereto have expressly agreed that this Agreement shall be governed by, and construed in accordance with, the laws of the State of Texas applicable to contracts executed and fully to be performed therein, to the exclusion of any other applicable body of governing law including, without limitation, the United Nations Convention on Contracts for the International Sale of Goods. In the event that either party commences a legal action pursuant to this Agreement, the parties hereto agree that the federal and state courts located in Dallas County, Texas, shall have exclusive jurisdiction over any such action.

7. Upon termination of my employment, I will surrender all records and material relating to the business of EMPLOYER.

8. I am aware of no prior obligations that would prevent my compliance with the terms and spirit of this Agreement.

9. This Agreement shall be binding upon me and my heirs, executors, administrators and assigns. EMPLOYER shall have the right to assign this Agreement to any successor to the business in which I am employed.

10. I understand that I may conceive of or develop ideas and inventions related to EMPLOYER's or FRANCHISOR's business during or for purposes of my employment. Such information and inventions that I conceive or develop pertaining to EMPLOYER's or FRANCHISOR's business are the sole property of FRANCHISOR and are

FRANCHISOR's Confidential Information. I agree to disclose promptly to EMPLOYER and/or FRANCHISOR all inventions, ideas or conceptions, developments and improvements (whether or not patentable or subject to copyright) which are made or conceived by me, either alone or together with others, during or as a result of my employment, provided that they pertain to EMPLOYER's and/or FRANCHISOR's business. I will keep complete records of such matter and will and hereby do assign such matter to FRANCHISOR whether or not it has been tested or reduced to practice. All such records are and shall be the property of FRANCHISOR alone.

Upon request of FRANCHISOR, either during or after my employment, I will assist in applying for Letters Patent or for copyright on all such inventions and ideas made or conceived by me, and I will execute all papers necessary thereto, including assignments as may be requested by EMPLOYER, without further compensation to me.

This Agreement does not apply to an invention which qualifies fully under the provisions of Section 2872 of the Labor Code of California as an invention for which no equipment, supplies, facility, or trade secret information EMPLOYER was used and which was developed entirely on my own time, and which does not relate to EMPLOYER's or FRANCHISOR's business or to EMPLOYER's or FRANCHISOR's actual or demonstrably anticipated research or development, or which does not result from any work I performed for EMPLOYER.

11. This Agreement shall be construed under the laws of the State of Texas. The only way this Agreement can be changed is in writing signed by EMPLOYER, FRANCHISOR and me.

EMPLOYER	**EMPLOYEE**
______________________________	______________________________
(Name of Entity)	(Print Name)
By: ___________________________	By: ___________________________
(Signature)	(Signature)
Title: _________________________	Date: _________________________
Date: _________________________	

EMPLOYER

____
(Print Name)

By: ___________________________
(Signature)

Date: _________________________

NOTICE

Attention: Employees

California Labor Code 2872 requires this Agreement to provide you with written notification as to certain of your inventive rights. This notification must include the fact that the agreement to assign invention cannot apply to an invention with qualifies fully under Section 2870 of the California Labor Code. Section 2870 of the California Labor Code provides:

"(a) Any provision in an employment agreement which provides that an employee shall assign, or offer to assign, any of his or her rights in an invention to his or her employer shall not apply to an invention that the employee developed entirely on his or her own time without using the employer's equipment, supplies, facilities, or trade secret information except for those inventions that either:

(1) Relate at the time of conception or reduction to practice of the invention to the employer's business, or actual or demonstrably anticipated research or development of the employer; or

(2) Result from any work performed by the employee for the employer.

(b) To the extent a provision in an employment agreement purports to require an employee to assign an invention otherwise excluded from being required to be assigned under subdivision (a), the provision is against the public policy of this state and is unenforceable."

Print Name: ____________________________

By: ___________________________________
(Signature)

Date: _________________________________

EXHIBIT C TO THE NATION'S GIANT HAMBURGERS DISCLOSURE DOCUMENT

AREA DEVELOPMENT AGREEMENT

NATION'S GIANT HAMBURGERS

AREA DEVELOPMENT AGREEMENT

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THIS AREA DEVELOPMENT AGREEMENT (the "Agreement") is made and entered into as of ______________, (the "Effective Date"), by and between Nation's Franchisor, Inc., a Delaware limited liability company ("Franchisor"), and ________________________, a ___________________________ ("Area Developer") " is made on the basis of the following understandings and recitals and in consideration of the following promises, and the parties hereto, intending to be legally bound, agree as follows:

A. Nation's Franchisor, Inc., a Delaware limited liability company, as the result of the expenditure of time, skill, effort and money, has developed a distinctive system (the "System") relating to the establishment, operation and franchising of restaurants offering giant hamburgers with tons of toppings, milkshakes, grilled sandwiches, breakfast and pies, all in accordance with recipes or specifications furnished by Franchisor, in a fast-casual restaurant setting ("Nation's Giant Hamburgers") that are required to operate pursuant to system standards that are designated from time to time (the "System Standards").

B. Nation's Giant Hamburgers is identified by means of certain trade names, service marks, trademarks, logos, emblems, and indicia of origin, including the marks, but not limited, to "Nation's" and "Nation's Giant Hamburgers®" both in plain text and stylized versions, as well as additional logos and trademarks and phrases, as are now designated and may be designated by Franchisor in writing for use in connection with the System, from time to time (collectively, the "Proprietary Marks") and for use in connection with the operation of Nation's Giant Hamburgers businesses (the "Restaurant").

C. The distinguishing characteristics of Nation's Giant Hamburgers include, without limitation, distinctive recipes and menus; distinctive exterior and interior design, décor, color scheme, fixtures, and furnishings for Nation's Giant Hamburgers businesses; service standards; uniform standards, specifications and procedures for operations; procedures for management control; training and assistance; specifications for equipment and fixtures; defined product offerings; Franchisor specified pricing; restrictions on ownership; and advertising, public relations and promotional programs, all of which may be changed, improved and further developed by Franchisor from time to time (collectively "Nation's Giant Hamburgers System"). Franchisor has the right to use and to license others to use the Nation's Giant Hamburgers Proprietary Marks and Nation's Giant Hamburgers System.

D. Franchisor desires to expand and develop Restaurants (a "Restaurant" or "Restaurants") in the Development Area, and Area Developer wishes to develop Restaurants in the Development Area, upon the terms and conditions as set forth in this Agreement.

NOW, THEREFORE, The parties agree:

1. GRANT OF AREA DEVELOPMENT RIGHTS.

1.1 <u>Grant of Area Development Rights</u>.

1.1.1 Upon the terms and subject to the conditions of this Agreement, Franchisor hereby grants to Area Developer, and Area Developer hereby accepts, the right and obligation, during the "Term" (defined below), to develop Restaurants solely at sites in the geographic area defined in <u>Attachment A</u> annexed to this Agreement (the "Development Area").

An increase or decrease in the size of the cities, counties or political subdivisions, if any, included within these boundaries shall have no effect on the Development Area as it is described in Attachment A.

1.1.2 To protect the Nation's Giant Hamburgers System, Nation's Giant Hamburgers Proprietary Marks, and the goodwill associated with the same no right or license is granted to Area Developer under this Agreement to use the Nation's Giant Hamburgers Proprietary Marks, or Nation's Giant Hamburgers System, such right and license being granted solely pursuant to Franchise Agreements executed pursuant to this Agreement. Without limiting the generality of the foregoing, nothing in this Agreement shall permit Area Developer to own or operate a Restaurant, except pursuant to a duly executed and subsisting Franchise Agreement. Area Developer shall not use the Nation's Giant Hamburgers Proprietary Marks, or Nation's Giant Hamburgers System in any manner or for any purpose, including in connection with any offering of securities or any request for credit, without the prior express written approval of Franchisor.

1.2 Exclusivity.

1.2.1 During the Term of this Agreement, Franchisor and its "Affiliates" (defined below) shall not operate or grant a license or franchise to any other person to operate a Restaurant at any site within the Development Area, except that it may do so in all non-traditional locations, defined as an airport, hospital, sports stadium or special event arena, college or university campus, military base, train station, office building, enclosed shopping center, amusement park, or convention center (herein "Non-Traditional Location"), within the Development Area.

1.2.2 Except as provided in Section 1.2.1, Franchisor expressly reserves all other rights, including the right, among others, in any manner and on any terms and conditions that Franchisor deems advisable, and without granting Area Developer any rights under this Agreement, to do each of the following:

(i) use the Proprietary Marks and System in connection with establishing and operating Nation's Giant Hamburgers businesses at any location outside the Development Area;

(ii) use the Proprietary Marks or other marks in connection with selling or distributing any goods (including branded merchandise) or services anywhere in the world (including within the Development Area), whether or not you also offer them, through channels of distribution other than Nation's Giant Hamburgers business (including, for example, grocery stores, other permanent or temporary retail locations, kiosks, catalogs, mail order, or the internet or other electronic means);

(iii) acquire, establish or operate, without using the Proprietary Marks, any business of any kind at any location anywhere in the world (including within the Development Area);

(iv) use the Proprietary Marks in connection with soliciting or directing advertising or promotional materials to customers anywhere in the world (including within the Development Area);

(v) acquire, merge with, or otherwise affiliate with, and thereafter own and operate, and franchise or license others to own and operate, any business of any kind or company-owned or franchised system of businesses of any kind, including any business or system that offers products or services the same as or similar to those offered by you under the System and the Proprietary Marks, and to convert any such acquired business or such acquired system of businesses to operation under the System and the Proprietary Marks, notwithstanding any other provisions hereof.

1.3 Certain Definitions. In this Agreement, the following capitalized terms shall have the meanings set forth below, unless the context otherwise requires:

"**Affiliate**" when used in this Agreement in connection with Franchisor or Area Developer, includes each person or Entity which directly, or indirectly, through one or more intermediaries, controls, is controlled by or is under common control with Franchisor or Area Developer, as applicable. Notwithstanding the foregoing definition, if Franchisor or its Affiliate has any ownership interest in Area Developer, the term "Affiliate" shall not include or refer to Franchisor or its affiliates (the "Franchisor Affiliate"), and no obligation or restriction upon an "Affiliate" of Area Developer, shall bind Franchisor, or said Franchisor Affiliates or their respective direct/indirect parents or subsidiaries, or their respective officers, directors or managers.

"**Applicable Law**" means and includes applicable common law and all applicable statutes, laws, rules, regulations, ordinances, policies and procedures established by any Governmental Authority, governing the operation of a Restaurant, including all labor, immigration, disability, laws and regulations, as in effect on the Effective Date of this Agreement, and as may be amended, supplemented or enacted from time to time.

"**Competitive Activities**" means to own, operate, lend to, advise, be employed by or have any financial interest in any restaurant business, other than Restaurant operated pursuant to a validly subsisting Franchise Agreement with Franchisor. Notwithstanding the foregoing, "Competitive Activities" shall not include the direct or indirect ownership solely as an investment of securities of any Entity which are traded on any national securities exchange if applicable owner thereof (i) is not a controlling person of, or a member of a group which controls, such Entity; and (ii) does not, directly or indirectly, own five percent (5%) or more of any class of securities of such Entity.

"**Competitive Business**" means to a business that engages in Competitive Activities.

"**Default**" or "**default**" means any breach of or failure to comply with any of the terms or conditions of an agreement.

"**Development Period**" means each of the time periods indicated on Attachment B during which Area Developer shall have the right and obligation to construct, equip, open and thereafter continue to operate Restaurants in accordance with the Development Obligation.

"**Development Obligation**" shall mean Area Developer's right and obligation to construct, equip, open and thereafter continue to operate at sites within the Development Area the cumulative number of Restaurants set forth in Attachment B annexed to this Agreement within each Development Period and, if applicable, within the geographic areas specified in Attachment B annexed to this Agreement.

"**Entity**" means any limited liability company, partnership, trust, association, corporation or other entity which is not an individual.

"**Equity**" means capital stock, membership interests, partnership rights or other equity ownership interests of an Entity.

"**Franchise Agreement**" means the form of agreement prescribed by Franchisor and used to grant to Area Developer the right to own and operate a single Restaurant in the Development Area, including all exhibits, riders, guarantees or other related instruments, all as amended from time to time.

"**Force Majeure**" means any event that is reasonably unforeseeable as of the date of this Agreement and that is beyond control, directly or indirectly, of Area Developer, the effects of which could not reasonably be prevented or avoided by Area Developer with the exercise of commercially reasonable efforts and due diligence and which event does not result from Area Developer's fault or negligence or the fault or negligence of its agents, employees or subcontractors and which event causes Area Developer to be delayed, in whole or in part, or unable to partially or wholly perform its obligations under this Agreement and subject to the satisfaction of the foregoing criteria, shall include: acts of God (such as tornadoes, earthquakes, hurricanes, floods, fire or other natural catastrophe); strikes, lockouts or other industrial disturbances; war, terrorist acts, riot or other civil disturbance; epidemics; or other similar forces; provided however, that neither an act or failure to act by a Governmental Authority, nor the performance, non-performance or exercise of rights under any agreement with Area Developer by any lender, landlord or other person shall be an event of Force Majeure under this Agreement, except to the extent that such act, failure to act, performance, non-performance or exercise of rights results from an act which is otherwise an event of Force Majeure. Area Developer's financial inability to perform or Area Developer's insolvency shall not be an event of Force Majeure under this Agreement.

"**Governmental Authority**" means and includes all federal, state, county, municipal and local governmental and quasi-governmental agencies, commissions and authorities.

"**Owner**" means each of the individuals listed on Attachment C and each direct or indirect shareholder, member, general or limited partner, trustee, or other equity owner of Franchisee. If Franchisee is an Entity, each Owner and each Owner's spouse, shall jointly and severally guarantee Franchisee's payment and performance of its obligations under this Agreement under a Guarantee in the form of Attachment D, except, that if Franchisor or any Affiliate of Franchisor has any ownership interest in Area Developer, the term "Owner" shall not include or refer to Franchisor or that Affiliate or their respective direct and indirect parents and subsidiaries, and no obligation or restriction upon the "Area Developer", or its Owners shall bind

Franchisor, said Affiliate or their respective direct and indirect parents and subsidiaries or their respective officers, directors or managers.

"**Protected Area**" means the geographic area designated by Franchisor in a Franchise Agreement.

2. AREA DEVELOPER'S DEVELOPMENT OBLIGATION.

To protect the Nation's Giant Hamburgers System, Nation's Giant Hamburgers Proprietary Marks, and the goodwill associated with the same:

2.1 Development Obligation.

2.1.1 Within each Development Period specified in Attachment B, Area Developer shall construct, equip, open and thereafter continue to operate at, and only at, sites within the Development Area, not less than the cumulative number of Restaurants required by the Development Obligation for that Development Period.

2.1.2 Restaurants developed under this Agreement which are open and operating and which have been assigned to Affiliates of Area Developer in accordance with Section 7.2.2 with Franchisor's consent, shall count in determining whether Area Developer has satisfied the Development Obligation for so long as the applicable Affiliate continues to satisfy the conditions set forth in Section 7.2.2.

2.2 Timing of Execution of Leases and Franchise Agreements. Notwithstanding anything to the contrary contained in this Agreement, on or before the date which is one hundred eighty (180) days before the end of each Development Period, Area Developer shall have executed (in accordance with this Agreement) a lease (or purchase agreement) and Franchise Agreement and paid the required Initial Franchise Fee, for each Restaurant which is required to be constructed, equipped, opened and thereafter operated by the end of such Development Period.

2.3 Force Majeure.

2.3.1 Subject to Area Developer's continuing compliance with Section 2.3.2, should Area Developer be unable to meet the Development Obligation for any Development Period solely as the result of Force Majeure or any legal disability of Franchisor to deliver a Disclosure Document pursuant to Section 6.2, which results in the inability of Area Developer to construct or operate Restaurants in all or substantially all of the Development Area pursuant to the terms of this Agreement, the particular Development Period during which the event of Force Majeure (or Franchisor's legal disability to deliver a Disclosure Document) occurs shall be extended by an amount of time equal to the time period during which the Force Majeure (or Franchisor's legal disability to deliver a Disclosure Document) shall have existed during that Development Period. Development Periods during which no such Force Majeure (or legal disability) existed shall not be extended. Other than as a result of Force Majeure, any delay in Franchisor's issuance of acceptance of any site under Article 6, including, Area Developer's failure to satisfy the other conditions set forth in Section 6.3, shall not extend any Development Period.

2.3.2 In the event of the occurrence of an event constituting Force Majeure, Area Developer shall notify Franchisor in writing within five (5) days following commencement of the alleged Force Majeure of the specific nature and extent of the Force Majeure, and how it has impacted Area Developer's performance under this Agreement. Area Developer shall continue to provide Franchisor with updates and all information as may be requested by Franchisor, including Area Developer's progress and diligence in responding to and overcoming the Force Majeure.

2.4 Area Developer May Not Exceed The Development Obligation. Unless Franchisor shall otherwise consent in writing, Area Developer may not construct, equip, open and operate more than the total number of Restaurants comprising the Development Obligation.

3. DEVELOPMENT AREA.

3.1 Franchisor's Right to Develop. Notwithstanding Section 2.1 above, if during the Term of this Agreement, Area Developer is unable or unwilling, or fails for any reason (except due to Force Majeure as provided in Section 2.3), to satisfy the Development Obligation, this Agreement shall automatically terminate upon notice by Franchisor to Area Developer. Upon such termination, Franchisor may, but has no obligation to, open and operate, or license others to (or grant others development rights to) open and operate, Restaurants at any site(s) within the Development Area, excluding sites in the Protected Area granted to Area Developer pursuant to the individual Franchise Agreement for each then existing Restaurant located in the Development Area.

3.2 Protected Area for Each Individual Restaurant. Each Franchise Agreement executed pursuant to this Agreement shall provide that Franchisor and its Affiliates may not open or operate, or franchise or license the operation of any Restaurant at any site located within the Protected Area surrounding Restaurants opened by Area Developer pursuant to such Franchise Agreement.

4. TERM OF AREA DEVELOPMENT AGREEMENT.

4.1 Term. The term of this Agreement shall commence on the Effective Date and, unless otherwise negotiated, terminated or extended as provided in this Agreement, shall continue until the earlier of (i) the fifth (5^{th}) anniversary of the Effective Date or (ii) the date of execution of the Franchise Agreement granting Area Developer the right to open the last Restaurant necessary for Area Developer to fully satisfy the Development Obligation (the "**Term**").

4.2 Effect of Expiration. To protect the System, Nation's Giant Hamburgers Proprietary Marks, and the goodwill associated with the same, following the expiration of the Term or the sooner termination of this Agreement: (i) Area Developer shall have no further right to construct, equip, own, open or operate additional Restaurants which are not, at the time of such termination or expiration, the subject of a then existing Franchise Agreement between Area Developer (or an Affiliate of Area Developer) and Franchisor which is then in full force and effect; and (ii) Franchisor, or its Affiliates, may thereafter themselves construct, equip, open, own or operate, and license others to (or grant development rights to) construct, equip, open, own or operate Nation's Giant Hamburgers businesses at any location(s) (within or outside of the Development Area), without any restriction, subject only to any Designated Area rights granted for any then existing Restaurant operated by Area Developer pursuant to a validly subsisting Franchise Agreement executed for such Restaurant.

5. PAYMENTS BY AREA DEVELOPER.

5.1 Initial Development Fee. Concurrently with the execution of this Agreement, Area Developer shall pay to Franchisor the amount set forth on **Attachment A** as the initial development fee (the "**Initial Development Fee**"), representing Fifty Percent (50%) of the initial franchise fee of $27,750 for each Restaurant (excluding the first Restaurant) required to be opened during the Term pursuant to the Development Obligation. The Initial Development Fee is fully earned by Franchisor when paid and is not refundable, in whole or in part, under any circumstances.

5.2 Initial Franchise Fee. Concurrently with the execution of this Agreement, Area Developer shall pay to Franchisor an initial franchise fee (the "**Initial Franchise Fee**") for the first Restaurant to be opened under this Agreement. Thereafter, Area Developer shall pay to Franchisor the remaining Fifty Percent (50%) of each initial franchise fee for each subsequent Restaurant to be opened under this Agreement (the "**Additional Restaurant Fee**"). The Additional Restaurant Fee shall be payable upon execution by Area Developer of each Franchise Agreement subsequent to the first that is entered into under this Agreement.

6. EXECUTION OF INDIVIDUAL FRANCHISE AGREEMENTS.

6.1 Development and Opening of Restaurants.

6.1.1 Area Developer is responsible for complying with the terms of each applicable franchise agreement associated with each Restaurant for the development and opening of each Restaurant to be opened under this Agreement. These terms may vary over the course of the Term. Franchisor agrees, however, that it will communicate criteria for acceptable sites to Area Developer, provide standard specifications for building a Restaurant to the then-current design and requirements, and provide initial training to a full-time manager who meets Franchisor's criteria.

6.2 Conditions Precedent to Franchisor's Obligations. To protect the Nation's Giant Hamburgers System, Nation's Giant Hamburgers Proprietary Marks, and the goodwill associated with the same, it shall be a condition precedent to Franchisor's obligations pursuant to Sections 6.1, and to Area Developer's right to develop each and every Restaurant, that Area Developer shall have satisfied all of the following conditions precedent prior to Franchisor's acceptance of the proposed Restaurant and the site and lease therefor, and Franchisor's execution of the Franchise Agreement therefor:

6.2.1 Area Developer (and each of its Affiliates which have developed or operate Restaurants in the Development Area) shall have fully performed all of its obligations under this Agreement and all Franchise Agreements and other written agreements between Franchisor and Area Developer (or any such Affiliate of Area Developer), and must not at any time be in default of any of its contractual or other legal obligations to Franchisor or any of its

Affiliates, or any approved vendor or supplier, or to any federal, state, county or municipal agency.

6.2.2 Area Developer shall have demonstrated to Franchisor, in Franchisor's discretion, Area Developer's financial and other capacity to perform the obligations set forth in the proposed new Franchise Agreement, including Area Developer's submission of a comprehensive management plan acceptable to, and accepted by Franchisor, which shall include among other reasonable requirements as may be established by Franchisor, an organization chart and supervisory requirements for the proposed Restaurant. In determining if Area Developer is financially or otherwise capable, Franchisor shall apply the same criteria to Area Developer as it applies to prospective area developers at that time.

6.2.3 Area Developer shall continue to operate, in the Development Area, not fewer than the cumulative number of Restaurants required by the Development Obligation set forth in Attachment B to be in operation as of the end of the immediately preceding Development Period.

6.2.4 Area Developer, and each of its Affiliates who then has a currently effective Franchise Agreement or Area Development Agreement with Franchisor, must sign a general release, in a form prescribed by Franchisor, of any and all claims which Area Developer may have or believes to have against Franchisor and/or its Affiliates and their respective officers, directors, agents and employees, whether the claims are known or unknown, which are based on, arise from or relate to this Agreement or Restaurants, as well as claims, known or unknown, which are not based on, do not arise from or do not relate to this Agreement or Restaurants but which relate to other Franchise Agreements, franchised businesses and other agreements between Franchisor or its affiliates and Area Developer which arose on or before the date of the general release, including, without limitation, all obligations, liabilities, demands, costs, expenses, damages, claims, actions and causes of action, of whatever nature, character or description, arising under federal, state and local laws, rules and ordinances.

6.2.5 Area Developer shall have satisfied (or Franchisor shall have waived in writing) any conditions upon which Preliminary Acceptance was granted.

7. ASSIGNMENT AND SUB-FRANCHISING.

7.1 Assignment by Franchisor. Franchisor shall have the right to transfer or assign all or any part of its rights or obligations under this Agreement to any person or legal entity. With respect to any assignment which results in the subsequent performance by the assignee of all of Franchisor's obligations under this Agreement, the assignee shall expressly assume and agree to perform such obligations, and shall become solely responsible for all obligations of Franchisor under this Agreement from the date of assignment. In addition, and without limitation to the foregoing, Area Developer expressly affirms and agrees that Franchisor, and/or its Affiliates, may sell their assets, the Nation's Giant Hamburgers Proprietary Marks or the Nation's Giant Hamburgers System; may sell securities in a public offering or in a private placement; may merge, acquire other corporations or be acquired by another corporation; and may undertake a refinancing, recapitalization, leveraged buy-out or other economic or financial restructuring. With regard to any of the above sales, assignments and dispositions, Area

Developer expressly and specifically waives any claims, demands or damages arising from or related to the loss of Franchisor's name, Nation's Giant Hamburgers Proprietary Marks (or any variation thereof) or the Nation's Giant Hamburgers System and/or the loss of association with, or identification of, Nation's Franchisor, Inc., as Franchisor under this Agreement. Area Developer specifically waives any and all other claims, demands or damages arising from or related to the foregoing merger, acquisition and other business combination activities including, without limitation, any claim of divided loyalty, breach of fiduciary duty, fraud, breach of contract or breach of the implied covenant of good faith and fair dealing. Area Developer agrees that Franchisor has the right, now or in the future, to purchase, merge, acquire or affiliate with an existing competitive or non-competitive franchise network, chain or any other business regardless of the location of that chain's or business' facilities, and to operate, franchise or license those businesses and/or facilities as Restaurants operating under Nation's Giant Hamburgers Proprietary Marks or any other marks following Franchisor's purchase, merger, acquisition or affiliation, regardless of the location of these facilities (which Area Developer acknowledges may be proximate to Restaurants).

7.2 No Sub-Franchising by Area Developer.

7.2.1 Area Developer shall not offer, sell, or negotiate the sale of Nation's Giant Hamburgers franchises to any third party, either in Area Developer's own name or in the name and/or on behalf of Franchisor, or otherwise sub-franchise, subcontract, sublicense, share, divide or partition this Agreement, and nothing in this Agreement will be construed as granting Area Developer the right to do so. Area Developer shall not execute any Franchise Agreement with Franchisor, or construct or equip any Restaurant with a view to offering or assigning such Franchise Agreement or Restaurant to any third party.

7.2.2 Notwithstanding Section 7.2.1, Area Developer may, with Franchisor's prior written consent, execute and contemporaneously assign a Franchise Agreement executed pursuant to this Agreement to a separate Entity; provided and on condition that:

(i) Upon Franchisor's request, Area Developer has delivered to Franchisor a true, correct and complete copy of the transferee Entity's articles of incorporation or articles of organization, bylaws, operating agreement, partnership agreement and other organizational documents, and Franchisor has accepted the same.

(ii) The transferee Entity's articles of incorporation or articles of organization, bylaws, operating agreement and partnership agreement, as applicable, shall provide that its activities are confined exclusively to operating Restaurants.

(iii) Area Developer, directly owns and controls not less than fifty-one percent (51%) of the Equity and voting rights of such Entity.

(iv) Such Entity is in good standing in its jurisdiction of organization and each other jurisdiction where the conduct of its business or the operation of its properties requires it to be so qualified.

(v) The person designated by Area Developer as the Owner has exclusive day-to-day operational control over such Entity.

(vi) Such Entity conducts no business other than the operation of Nation’s Giant Hamburgers Restaurant.

(vii) Such Entity assumes all of the obligations under the Franchise Agreement as franchisee pursuant to written agreement, the form and substance of which shall be acceptable to Franchisor.

(viii) Each person or Entity comprising Area Developer, and all present and future Owners of ten percent (10%) or more (directly or indirectly), in the aggregate, of the Equity or voting rights of any franchisee under any and all Franchise Agreements executed pursuant to this Agreement, and each such Owner's spouse, shall execute a Guarantee in the form of Attachment D to this Agreement, personally, irrevocably and unconditionally guaranteeing, jointly and severally, with all other guarantors, the full payment and performance of all of the obligations to Franchisor and to Franchisor's Affiliates under this Agreement and each Franchise Agreement executed pursuant to this Agreement (for purposes of determining whether said ten percent (10%) threshold is satisfied, holdings of spouses, family members who live in the same household and Affiliates shall be aggregated).

(ix) None of the Owners of the Equity of the franchisee under the applicable Franchise Agreement is engaged in Competitive Activities.

(x) At Franchisor's request, Area Developer shall, and shall cause each of its Affiliates and Owners to execute and deliver to Franchisor a general release, in a form prescribed by Franchisor, of any and all claims which Area Developer may have or believes to have against Franchisor and/or its Affiliates and their respective officers, directors, agents and employees, whether the claims are known or unknown, which are based on, arise from or relate to this Agreement or Restaurants, as well as claims, known or unknown, which are not based on, do not arise from or do not relate to this Agreement or Restaurants but which relate to other Franchise Agreements, franchised businesses and other agreements between Franchisor or its Affiliates and Area Developer which arose on or before the date of the general release, including, without limitation, all obligations, liabilities, demands, costs, expenses, damages, claims, actions and causes of action, of whatever nature, character or description, arising under federal, state and local laws, rules and ordinances.

(xi) Area Developer shall pay Franchisor a transfer fee in the amount of $2,500.

(xii) Area Developer and the transferee shall use an independent third party escrow company in connection with their purchase and sale transaction.

7.2.3 In the event that Area Developer exercises its rights under Section 7.2.2, Area Developer and such assignee Entity shall, in addition to any other covenants contained in the applicable Franchise Agreement, affirmatively covenant to continue to satisfy each of the conditions set forth in Section 7.2.2 throughout the term of such Franchise Agreement.

7.3 <u>Assignment by Area Developer</u>.

7.3.1 This Agreement has been entered into by Franchisor in reliance upon and in consideration of the singular personal skill, qualifications and trust and confidence reposed in Area Developer. Therefore, subject to Franchisor's right of first refusal pursuant to <u>Section 7.3.4</u>, neither Area Developer's interest in this Agreement nor any of its rights or privileges under this Agreement shall be assigned or transferred, voluntarily or involuntarily, in whole or in part, by operation of Applicable Law or otherwise ("**Assignment**"), in any manner without Franchisor's prior written consent, which consent may be withheld for any reason whatsoever in Franchisor's judgment. To protect the Nation's Giant Hamburgers System, Nation's Giant Hamburgers Proprietary Marks and the goodwill associated with the same, Area Developer acknowledges and agrees that except as provided in <u>Section 7.2.2</u>, Area Developer acknowledges and agrees that it will not be permitted to make an Assignment of this Agreement or sell, gift, convey, assign or transfer the assets used in any of Restaurants developed under this Agreement or any Franchise Agreement executed pursuant to this Agreement except in conjunction with a concurrent Assignment to the same approved assignee of all of the assets used in all of said Restaurants, and all of the Franchise Agreements executed pursuant to this Agreement or at Franchisor's election the execution by the assignee of new Franchise Agreements on Franchisor's then-current form for each of Restaurants then developed or under development by Area Developer, and otherwise in accordance with the terms and conditions of Area Developer's Franchise Agreement(s). For a transfer to a corporation, partnership or limited liability company where such transfer is for the convenience of ownership only, Area Developer shall pay an administrative fee of $2,500. For the transfer of the franchise to an existing franchisee of Franchisor, Area Developer shall pay Franchisor a transfer Fee equal to fifty percent (50%) of the Initial Franchise Fee Area Developer paid to Franchisor. For a transfer under any other circumstances, Area Developer shall pay Franchisor a transfer fee in an amount equal to seventy-five percent (75%) of the Initial Franchise Fee Area Developer paid to Franchisor, which shall be in addition to any Transfer Fee under any Franchise Agreement. Franchisor may, in its sole discretion, require, as a condition to providing its consent to an Assignment of this Agreement, Area Developer to execute a general release, in a form prescribed by Franchisor, of any and all claims, known or unknown, which the Area Developer may have against Franchisor and/or its affiliates and their respective officers, directors, agents and employees and a continuing guarantee (and, if the Area Developer is other than an individual, Franchisor may require, as Franchisor may request, such principals of the Area Developer, as assignor, to sign a continuing guarantee) in favor of Franchisor of the performance and payment by the assignee of all obligations and debts to Franchisor and its affiliates under this Agreement.

7.3.2 Area Developer shall not, directly or indirectly, pledge, encumber, hypothecate or otherwise grant any third party a security interest in this Agreement in any manner whatsoever without the prior express written consent of Franchisor. To the extent that the foregoing prohibition may be ineffective under Applicable Law, Area Developer shall provide not less than ten (10) days' prior written notice (which notice shall contain the name and address of the secured party and the terms of such pledge, encumbrance, hypothecation or security interest) of any pledge, encumbrance, hypothecation or security interest in this Agreement.

7.3.3 Securities, partnership or other ownership interests in Area Developer may not be offered to the public under the Securities Act of 1933, as amended, nor may they be registered under the Securities Exchange Act of 1934, as amended, or any comparable federal, state or foreign law, rule or regulation. Such interests may be offered by private offering or otherwise only with the prior written consent of Franchisor, which consent shall not be unreasonably withheld. All materials required for any such private offering by federal or state law shall be submitted to Franchisor for a limited review as discussed below prior to being filed with any governmental agency; and any materials to be used in any exempt offering shall be submitted to Franchisor for such review prior to their use. No such offering by Area Developer shall imply that Franchisor is participating in an underwriting, issuance or offering of securities of Area Developer or Franchisor, and Franchisor's review of any offering materials shall be limited solely to the subject of the relationship between Area Developer and Franchisor and its Affiliates. Franchisor may, at its option, require Area Developer's offering materials to contain a written statement prescribed by Franchisor concerning the limitations described in the preceding sentence. Area Developer, its Owners and the other participants in the offering must fully defend and indemnify Franchisor, and its Affiliates, their respective partners and the officers, directors, manager(s) (if a limited liability company), shareholders, members, partners, agents, representatives, independent contractors, servants and employees of each of them, from and against any and all losses, costs and liability in connection with the offering and shall execute any additional documentation required by Franchisor to further evidence this indemnity. For each proposed offering, Area Developer shall pay to Franchisor a non-refundable fee of $10,000, which shall be in addition to any Transfer Fee under any Franchise Agreement or such greater amount as is necessary to reimburse Franchisor for its reasonable costs and expenses associated with reviewing the proposed offering, including without limitation, legal and accounting fees. Area Developer shall give Franchisor written notice at least thirty (30) days prior to the date of commencement of any offering or other transaction covered by this Article.

7.3.4 Area Developer's written request for consent to any Assignment must be accompanied by an offer to Franchisor of a right of first refusal to purchase the interest which is proposed to be transferred, on the same terms and conditions offered by the third party; provided that Franchisor may substitute cash for any non-cash consideration proposed to be given by such third party (in an amount determined by Franchisor reasonably and in good faith as the approximate equivalent value of said non-cash consideration); and provided further that Area Developer shall make representations and warranties to Franchisor customary for transactions of the type proposed (the "Purchase Option"). If Franchisor elects to exercise the Purchase Option, Franchisor or its nominee, as applicable, shall send written notice of such election to Area Developer within thirty (30) days of receipt of Area Developer's request. If Franchisor accepts such offer, the closing of the transaction shall occur within one hundred twenty (120) days following the date of Franchisor's acceptance. Any material change in the terms of an offer prior to closing or the failure to close the transaction within one hundred twenty (120) days following the written notice provided by Area Developer shall cause it to be deemed a new offer, subject to the same right of first refusal by Franchisor, or its third party designee, as in the case of the initial offer. Franchisor's failure to exercise such option shall not constitute consent to the transfer or a waiver of any other provision of this Agreement, including any of the requirements of this Article with respect to the proposed transfer.

7.3.5 If Area Developer is an Entity, each of the following shall be deemed to be an Assignment of this Agreement: (i) the sale, assignment, transfer, conveyance, gift, pledge, mortgage, or other encumbrance of more than forty-nine percent (49%) in the aggregate, whether in one or more transactions, of the Equity or voting power of Area Developer, by operation of law or otherwise or any other event(s) or transaction(s) which, directly or indirectly, effectively changes control of Area Developer; (ii) the issuance of any securities by Area Developer which itself or in combination with any other transaction(s) results in the Owners, as constituted on the Effective Date, owning less than fifty-one percent (51%) of the outstanding Equity or voting power of Area Developer; (iii) if Area Developer is a partnership, the resignation, removal, withdrawal, death or legal incapacity of a general partner or of any limited partner owning more than forty-nine percent (49%) of the partnership rights of the partnership, or the admission of any additional general partner, or the transfer by any general partner of any of its partnership rights in the partnership, or any change in the ownership or control of any general partner; (iv) the death or legal incapacity of any Owner owning more than forty-nine percent (49%) of the Equity or voting power of Area Developer; and (v) any merger, stock redemption, consolidation, reorganization, recapitalization or other transfer of control of Area Developer, however effected. If Area Developer is an Entity, Area Developer shall promptly provide Franchisor with written notice (stating such information as Franchisor may from time to time require) of each and every transfer, assignment and encumbrance by any Owner of any direct or indirect Equity or voting rights in Area Developer, notwithstanding that the same may not constitute an "**Assignment**" as defined under this Article 7.

8. NON-COMPETITION.

8.1 Non-Competition During Term of Agreement. Area Developer specifically acknowledges that, pursuant to this Agreement, Area Developer will receive valuable specialized training and confidential information, including, without limitation, information regarding the operational, sales, promotional, and marketing methods and techniques of Franchisor and the Nation's Giant Hamburgers System. To protect the Nation's Giant Hamburgers System, Nation's Giant Hamburgers Proprietary Marks, and the goodwill associated with the same, Area Developer (or, if Area Developer is a corporation, limited liability company or partnership, all Principals of Area Developer) covenants that during the term of this Agreement, except as otherwise approved in writing by Franchisor, Area Developer (or, if Area Developer is a corporation, limited liability company or partnership, all principals of Area Developer) shall not, either directly or indirectly, for itself, or through, on behalf of or in conjunction with any person, or legal entity:

8.1.1 Divert or attempt to divert any present or prospective customer of Restaurant to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Nation's Giant Hamburgers Proprietary Marks or Nation's Giant Hamburgers System.

8.1.2 Own, maintain, advise, operate, engage in, be employed by, make loans to, invest in, provide any assistance to, or have any interest in (as owner or otherwise) or relationship or association with, any business that is the same or similar to Nation's Giant Hamburgers Restaurant or which offers services being offered by Nation's Giant Hamburgers

Restaurant, with the exception of the operation of a Restaurant under an existing Franchise Agreement with Franchisor.

8.2 Non-Competition After Transfer, Expiration or Termination of Agreement. To protect the Nation's Giant Hamburgers System, Nation's Giant Hamburgers Proprietary Marks, and the goodwill associated with the same, commencing upon the date of: (a) a transfer permitted under Article 7; (b) expiration of this Agreement; (c) termination of this Agreement (regardless of the cause for termination); or (d) a final court order (after all appeals have been taken) with respect to any of the foregoing events or with respect to enforcement of this Section 8.2, and continuing for an uninterrupted period of two (2) years thereafter, Area Developer shall not, without Franchisor's prior written consent, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person, persons, or legal entity, own, maintain, advise, operate, engage in, be employed by, make loans to, or have any interest in or relationship or association with any Competitive Business that is or is intended to be, located at a location designated as a "Franchised Location" in a Franchise Agreement between Franchisor, as franchisor, and Area Developer, or an Affiliate or Owner of Area Developer, as franchisee, except in accordance with the terms of an effective Franchise Agreement between Franchisor, as franchisor, and Area Developer, or an Affiliate or Owner of Area Developer, as franchisee, or any location within ten (10) miles from any Restaurant or any part of the Development Area, as defined above.

8.3 Modification. The parties have attempted in Sections 8.1 and 8.2 to limit Area Developer's right to compete only to the extent necessary to protect Franchisor from unfair competition. The parties hereby expressly agree that if the scope or enforceability of Section 8.1 or 8.2 is disputed at any time by Area Developer, a court may modify either or both of such provisions to the extent that it deems necessary to make such provision(s) enforceable under Applicable Law. In addition, Franchisor reserves the right to reduce the scope of either, or both, of said provisions without Area Developer's consent, at any time or times, effective immediately upon notice to Area Developer.

8.4 Non-Solicitation. Area Developer agrees that at no time during the term of this Agreement, nor for a period of two (2) years after the expiration or termination of this Agreement, shall Area Developer, directly or indirectly:

8.4.1 Solicit or induce any individual, corporation or another entity which is a client or customer of Franchisor in an attempt to (i) enter into any business relationship with a client or customer of Franchisor if the business relationship is competitive with any aspect of Franchisor's business; or (ii) reduce or eliminate the business such client or customer conducts with Franchisor.

8.4.2 Solicit or induce any regular employee of Franchisor (i) to provide services to any individual, corporation or entity whose business is competitive with Franchisor; or (ii) to leave the employ of Franchisor.

8.4.3 Solicit or induce any person who has been an employee of Franchisor within the two (2) year period prior to the date of the expiration or termination of this Agreement about whom Area Developer obtained knowledge by reason of this Agreement to (i) cease working for Franchisor or clients or customers of Franchisor; (ii) refrain from beginning work for Franchisor or at clients or customers of Franchisor; or (iii) provide services to any individual, corporation or entity whose business is competitive with Franchisor.

8.4.4 As used in this Agreement, "solicit or induce" shall mean that in any communication with any individual, corporation or entity, Area Developer shall not affirmatively request or expressly suggest that such individual, corporation or entity do any of the forgoing things. As used in this Agreement, "regular employee" means any employee, whether temporary or permanent, full time or part time, that performs services for Franchisor.

8.4.5 The prohibitions contained in this Section 8.4 shall extend to (i) activities undertaken by Area Developer directly on Area Developer's own behalf; and (ii) activities undertaken by Area Developer indirectly through any individual, corporation or entity which undertakes such prohibited activities with Area Developer's assistance and in or with respect to which Area Developer is an owner, officer, director, trustee, shareholder, creditor, employee, agent, partner or consultant or participates in some other capacity.

8.5 Enforcement. In view of the importance of Nation's Giant Hamburgers Proprietary Marks and the incalculable and irreparable harm that would result to the parties in the event of a Default under this Article 8, the parties agree that each party may seek specific performance and/or injunctive relief to enforce the covenants and agreements in this Agreement, in addition to any other relief to which such party may be entitled at law or in equity. Each party submits to the exclusive jurisdiction of the courts of the State of Texas and the U.S. federal courts sitting in Dallas County, Texas for purposes thereof. The parties agree that venue for any such proceeding shall be the state and federal courts located in Dallas County, Texas.

9. TERMINATION.

9.1 Automatic Termination. Area Developer shall be deemed to be in default under this Agreement, and all rights granted to it herein shall automatically terminate without notice or opportunity to cure, if: Area Developer becomes insolvent or makes a general assignment for the benefit of creditors; Area Developer files a petition in bankruptcy or such a petition is filed against and not opposed by Area Developer; Area Developer is adjudicated bankrupt or insolvent; a bill in equity or other proceeding for the appointment of a receiver of Area Developer or other custodian for its business or assets is filed and consented to by Area Developer; a receiver or other custodian (permanent or temporary) of Area Developer's assets or property, or any part thereof, is appointed by any court of competent jurisdiction; proceedings for a composition with creditors under any state or federal law should be instituted by or against Area Developer; a final judgment remains unsatisfied or of record for 30 days or longer (unless supersedeas bond is filed); Area Developer is dissolved; execution is levied against Area Developer's business or property; suit to foreclose any lien or mortgage against the Premises or equipment is instituted against Area Developer and not dismissed within 30 days; or the real or personal property of any Restaurant developed under this Agreement is sold after levy thereupon by any sheriff, marshal, or constable.

9.2 Termination Without Opportunity to Cure. In addition to the foregoing, upon the occurrence of any of the following events of default, Franchisor may, at its option, terminate this Agreement and all rights granted hereunder, without affording Area Developer any opportunity to cure the default, effective immediately upon notice to Area Developer, if:

9.2.1 Area Developer or any of its owners, officers, or directors, or approved manager, are convicted of a felony, a crime involving moral turpitude, or any other crime or offense that Franchisor believes is reasonably likely to have an adverse effect on the System, the Proprietary Marks, the goodwill associated therewith or Franchisor's interest therein; or if Area Developer or any of its owners, officers, or directors commit any acts or engage in any behavior that Franchisor believes is reasonably likely to have an adverse effect on the System, the Proprietary Marks, the goodwill associated therewith, or Franchisor's interest therein, including conduct that is fraudulent, unfair, unethical, or deceptive;

9.2.2 any purported transfer is made to any third party without Franchisor's prior written consent, or otherwise contrary to the terms of Section 14 hereof;

9.2.3 an approved transfer is not effected within the time provided following death or mental incapacity, as required by Section 7.3 hereof;

9.2.4 Area Developer fail to comply with the covenants in Section 8 (in-term covenants);

9.2.5 Area Developer or its owners willfully or knowingly divulges or distributes any confidential information of the System contained in the Operations Manuals;

9.2.6 Area Developer knowingly maintains false books or records or submits to Franchisor any false reports or other documentation (including Area Developer's application for the Development Area);

9.2.7 Area Developer licenses the Proprietary Marks to a third party to operate a subfranchised Restaurant or makes any other knowing misuse of the Proprietary Marks or the goodwill associated therewith, or Area Developer makes any other knowing misuse of the Proprietary Marks or the goodwill therein;

9.2.8 upon receiving a notice of default under Section 9.3, Area Developer fails to initiate immediately a remedy to cure such default; or

9.2.9 after curing any default pursuant to Section 9.3, Area Developer commits the same default again within any 12 month period, whether or not cured after notice.

9.3 **Notice With Opportunity to Cure**. Except as otherwise provided in Sections 9.1 and 9.2 of this Agreement, upon any other default by Area Developer, Franchisor will issue written notice of such default and an opportunity to substantially cure such default within 60 days of Area Developer's receipt of such notice (or such longer time period as required by applicable law). Franchisor will have the right to terminate this Agreement immediately upon notice if Area Developer fails to cure any default to Franchisor's satisfaction, and provide proof thereof, within the 60 day period. Defaults which are curable hereunder include, but are not limited to, the following illustrative events:

9.3.1 If Area Developer fails to substantially comply with any of the requirements imposed by this Agreement, including but not limited to the requirement to comply with the Development Schedule;

9.3.2 If Area Developer fails, refuses or neglects promptly to pay any Initial Franchise Fees for a Restaurant to be developed, when such fee is due to Franchisor; or

9.3.3 If Area Developer fails, refuses or neglects to obtain Franchisor's prior written approval or consent as required by this Agreement.

9.4 Franchisor Right of Termination/Repurchase in Response to Legal Changes. In the event that the local, state, or federal law applicable to Area Developer and/or any portion of the Development Area changes whether by passage of a new law or reinterpretations of an existing law (collectively, a "New Law") such that Franchisor becomes jointly and severally liable for Area Developer's obligations with respect to one or more Restaurants Area Developer has agreed to develop, or any material portion of such obligations, including but not limited to Area Developer's employment obligations to its employees, then Franchisor shall have the right to terminate the lesser of (i) this entire Agreement; or (ii) Area Developer's rights in the Development Area affected by the New Law. Upon termination, Franchisor shall refund to Area Developer any unapplied Initial Development Fee and Initial Franchise Fee Area Developer has paid to Franchisor in association with the terminated portion of the Agreement, with Franchisor having no obligation to refund portions of such fees already applied to Area Developer's initial franchise fees applied to franchise agreements already executed by the parties. Franchisor shall have the option to exercise this right at any time from the issuance of the New Law to one year after the initial applicability of such new law.

9.5 Bankruptcy or Insolvency. Area Developer shall be deemed to be in default under this Agreement, and all rights granted to Area Developer under this Agreement shall automatically terminate without notice to Area Developer, if Area Developer becomes insolvent or makes a general assignment for the benefit of creditors; if a petition in bankruptcy is filed by Area Developer or such a petition is filed against and not opposed by Area Developer; if Area Developer is adjudicated as bankrupt or insolvent; if a bill in equity or other proceeding for the appointment of a receiver of Area Developer or other custodian for Area Developer's business or assets is filed and consented to by Area Developer; if a receiver or other custodian (permanent or temporary) of Area Developer's assets or property, or any part thereof, is appointed by any court of competent jurisdiction; if proceedings for a composition with creditors under any state or federal law is instituted by or against Area Developer; if a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless a supersedeas bond is filed); if Area Developer is dissolved; if execution is levied against Area Developer's business or property; if suit to foreclose any lien or mortgage against a Restaurant or assets is instituted against Area Developer and not dismissed within thirty (30) days; or if the real or personal property of a Restaurant is sold after levy thereupon by any sheriff, marshal, or constable.

9.6 Cross-Default. Any Default by Area Developer, or its Affiliates, under the terms and conditions of this Agreement, or any other agreement between Franchisor, its Affiliates and Area Developer, shall be deemed to be a Default of this Agreement. In the event of the termination of any franchise agreement executed pursuant to this Agreement for cause, Franchisor and its Affiliates may, at their option, terminate this Agreement without affording Area Developer an opportunity to cure, effective immediately upon notice to Area Developer.

9.7 Effect of Termination. In the event of termination of this Agreement, Area Developer shall no longer have the right to develop any additional Restaurants and its rights in the Development Area shall automatically terminate.

9.8 Notice Required By Law. Notwithstanding anything to the contrary contained in this Article 9, in the event any valid, Applicable Law of a competent governmental authority having jurisdiction over this Agreement and the parties to this Agreement shall limit Franchisor's rights of termination under this Agreement or shall require longer notice periods than those set forth above, this Agreement shall be deemed amended to conform to the minimum notice periods or restrictions upon termination required by such laws and regulations. Franchisor shall not, however, be precluded from contesting the validity, enforceability or application of such laws or regulations in any action, arbitration, hearing or dispute relating to this Agreement or the termination thereof.

10. GENERAL CONDITIONS AND PROVISIONS.

10.1 Relationship of Area Developer to Franchisor. It is expressly agreed that the parties intend by this Agreement to establish between Franchisor and Area Developer the relationship of Franchisor and Area Developer. It is further agreed that Area Developer has no authority to create or assume in Franchisor's name or on behalf of Franchisor, any obligation, express or implied, or to act or purport to act as agent or representative on behalf of Franchisor for any purpose whatsoever. Neither Franchisor nor Area Developer is the employer, employee, agent, partner or co-venturer of or with the other, each being independent. Area Developer agrees that it will not hold itself out as the agent, employee, partner or co-venturer of Franchisor. All employees hired by or working for Area Developer shall be the employees of Area Developer and shall not, for any purpose, be deemed employees of Franchisor or subject to Franchisor control. Area Developer further acknowledges and agrees that the various requirements, restrictions, prohibitions, specifications and procedures of the Nation’s Giant Hamburgers System that Area Developer must comply with under the Franchise Agreements, the Manuals or otherwise, do not directly or indirectly constitute, suggest, infer or imply that Franchisor controls any aspect or element of the day-to-day operations of the Restaurant, which Area Developer alone controls, but only constitute standards to which Area Developer must adhere when exercising Area Developer's control over the day-to-day operations of the Restaurant consistent with the policies of Franchisor. Each of the parties agrees to file its own tax, regulatory and payroll reports with respect to its respective employees and operations, saving and indemnifying the other party to this Agreement of and from any liability of any nature whatsoever by virtue thereof.

10.2 Indemnity by Area Developer. Area Developer hereby agrees to protect, defend and indemnify Franchisor, and all of its past, present and future Owners, Affiliates, officers, directors, employees, attorneys and designees, and hold them harmless from and against any and all costs and expenses, including, without limitation, attorneys' fees, court costs, losses, liabilities, damages, claims and demands of every kind or nature on account of any actual or alleged loss, injury or damage to any person, firm or corporation or to any property arising out of or in connection with Area Developer's construction, development or operation of Restaurants pursuant to this Agreement, except to the extent caused by intentional acts of Franchisor in breach of this Agreement. The terms of this Section 10.2 shall survive the termination, expiration or cancellation of this Agreement.

10.3 No Consequential Damages For Legal Incapacity. Franchisor shall not be liable to Area Developer for any consequential damages, including lost profits, interest expense, increased construction or occupancy costs, or other costs and expenses incurred by Area Developer by reason of any delay in the delivery of Franchisor's Disclosure Document caused by legal incapacity during the Term, or other conduct not due to the gross negligence or intentional misfeasance of Franchisor.

10.4 Waiver and Delay. No waiver by Franchisor of any Default or Defaults, or series of Defaults in performance by Area Developer, and no failure, refusal or neglect of Franchisor to exercise any right, power or option given to it under this Agreement or under any Franchise Agreement or other agreement between Franchisor and Area Developer, whether entered into before, after or contemporaneously with the execution of this Agreement (and whether or not related to Restaurants), or to insist upon strict compliance with or performance of Area Developer's (or its Affiliates) obligations under this Agreement or any Franchise Agreement or other agreement between Franchisor and Area Developer (or its Affiliates), whether entered into before, after or contemporaneously with the execution of this Agreement (and whether or not related to Restaurants), shall constitute a waiver of the provisions of this Agreement with respect to any continuing or subsequent Default or a waiver by Franchisor of its right at any time thereafter to require exact and strict compliance with the provisions thereof.

10.5 Survival of Covenants. The covenants contained in this Agreement which, by their nature or terms, require performance by the parties after the expiration or termination of this Agreement shall be enforceable notwithstanding said expiration or other termination of this Agreement for any reason whatsoever.

10.6 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the successors and assigns of Franchisor and shall be binding upon and inure to the benefit of Area Developer and his or their respective heirs, executors, administrators and its successors and assigns, subject to the prohibitions and restrictions against Assignment contained in this Agreement.

10.7 Joint and Several Liability. If Area Developer consists of more than one person or Entity, or a combination thereof, the obligations and liabilities of each of such person or Entity to Franchisor are joint and several, and such person(s) or Entities shall be deemed to be general partnership.

10.8 Entire Agreement. This Agreement and the Attachments incorporated into this Agreement contain all of the terms and conditions agreed upon by the parties to this Agreement concerning the subject matter of this Agreement. No other agreements concerning the subject matter of this Agreement, written or oral, shall be deemed to exist or to bind any of the parties to this Agreement and all prior agreements, understandings and representations, are merged into this Agreement and superseded hereby. Area Developer represents that there are no contemporaneous agreements or understandings between the parties relating to the subject matter of this Agreement that are not contained in this Agreement. No officer or employee or agent of Franchisor has any authority to make any representation or promise not included in this Agreement or any Disclosure Document for prospective franchisees required by Applicable Law, and Area Developer agrees that it has executed this Agreement without reliance upon any such representation or promise. This Agreement cannot be modified or changed except by written instrument signed by all of the parties to this Agreement. Notwithstanding the foregoing, nothing in this Agreement is intended to disclaim representations Franchisor made to Area Developer in the Franchise Disclosure Document or in any related document that Franchisor previously furnished to Area Developer.

10.9 Titles for Convenience. Article, Section and paragraph titles used this Agreement are for convenience only and shall not be deemed to affect the meaning or construction of any of the terms, provisions, covenants, or conditions of this Agreement.

10.10 Gender and Construction. The terms of all Attachments annexed to this Agreement are hereby incorporated into and made a part of this Agreement as if the same had been set forth in full in this Agreement. All terms used in any one number or gender shall extend to mean and include any other number and gender as the facts, context, or sense of this Agreement or any Article or Section of this Agreement may require. As used in this Agreement, the words "include," "includes" or "including" are used in a non-exclusive sense. Unless otherwise expressly provided in this Agreement to the contrary, any consent, approval, acceptance or authorization of Franchisor which Area Developer may be required to obtain under this Agreement may be given or withheld by Franchisor in its sole discretion. To protect the Nation’s Giant Hamburgers System, Nation’s Giant Hamburgers Proprietary Marks, and the goodwill associated with the same, on any occasion where Franchisor is required or permitted under this Agreement to make any judgment, determination or use its discretion, including any decision as to whether any condition or circumstance meets Franchisor's standards or satisfaction, Franchisor may do so in its sole subjective judgment and discretion. Neither this Agreement nor any uncertainty or ambiguity in this Agreement shall be construed or resolved against the drafter of this Agreement, whether under any rule of construction or otherwise. On the contrary, this Agreement has been independently reviewed by all parties and shall be construed and interpreted according to the ordinary meaning of the words used so as to fairly accomplish the purposes and intentions of all parties to this Agreement. Franchisor and Area Developer intend that if any provision of this Agreement is susceptible to two or more constructions, one of which would render the provision enforceable and the other or others of which would render the provision unenforceable, then the provision shall be given the meaning that renders it enforceable.

10.11 Severability, Modification. Nothing contained in this Agreement shall be construed as requiring the commission of any act contrary to Applicable Law. Whenever there is any conflict between any provisions of this Agreement and any present or future statute, law, ordinance or regulation contrary to which the parties have no legal right to contract, the latter shall prevail, but in such event the provisions of this Agreement thus affected shall be curtailed and limited only to the extent necessary to bring it within the requirements of the law. In the event that any part, Article, Section, paragraph, sentence or clause of this Agreement shall be held to be indefinite, invalid or otherwise unenforceable, the indefinite, invalid or unenforceable provision shall be deemed deleted, and the remaining part of this Agreement shall continue in full force and effect.

10.12 Notices. All notices or demands shall be in writing and shall be served in person, by Express Mail, by certified mail, by private overnight delivery or by electronic transmission (fax). Service shall be deemed conclusively made: (i) at the time of service, if personally served; (ii) twenty-four (24) hours (exclusive of weekends and national holidays) after deposit in the United States mail, properly addressed and postage prepaid, if served by Express Mail; (iii) upon the earlier of actual receipt or three (3) calendar days after deposit in the United States mail, properly addressed and postage prepaid, return receipt requested, if served by certified mail; (iv) twenty-four (24) hours after delivery by the party giving the notice, statement or demand if by private overnight delivery; and (v) one (1) business day after electronic transmission (with confirmation copy sent by regular United States mail):

If to Franchisor:	Nation's Franchisor, Inc. 601 E. Walnut St. Garland, TX 75040 Attention: CEO
If to Area Developer:	____________________________ ____________________________ ____________________________ Attention: __________________

Either party may change its address for the purpose of receiving notices, demands and other communications as in this Agreement provided by a written notice given in the manner aforesaid to the other party.

10.13 General. The submission of this Agreement does not constitute an offer and this Agreement shall become effective only upon the execution thereof by Franchisor and Area Developer.

11. DISPUTE RESOLUTION.

11.1 Mediation; Arbitration. All controversies, disputes or claims arising between Franchisor and Area Developer (including any claim against Franchisor officers, directors, agents, employees, licensors, licensees, independent contractors or consultants in their capacity as such, or against the owners and guarantors of Area Developer, if applicable) in connection with, arising from, or with respect to: (1) any provision of this Agreement or any other agreement between the parties related to this Agreement; (2) the relationship of the parties hereto; (3) the validity of this Agreement or any other agreement between the parties related to this Agreement, or any provision thereof; or (4) any specification, standard or operations procedure relating to the establishment or operation of the Franchisor Restaurant (except controversies, disputes or claims relating to the Proprietary Marks or any lease of real estate) shall be submitted for mediation to Judicial Arbitration and Mediation Services ("JAMS") or such other dispute resolution service agreed upon by the parties for mediation. If mediation through JAMS or such other dispute resolution service is unable to successfully resolve any dispute, the dispute shall be submitted to arbitration through JAMS or such other dispute resolution services as the parties can mutually agree upon, pursuant to their comprehensive arbitration rules and procedures. A party who is related to Area Developer, or a current or former employee, (or an entity owned by a party related to Area Developer, or a current or former employee) who is involved in a dispute under this Agreement may be added as a party to the arbitration, to the extent it would facilitate a more expeditious proceeding, if such other party has specific involvement with the facts being disputed. The arbitrator shall not have the power to vary or change the terms of the royalty or Brand Fund or other required payments for use of Franchisor's trademarks and proprietary information.

11.2 Jurisdiction and Venue. Notwithstanding the above, Franchisor reserves the right to bring any actions for trademark infringement, or enforcement of the prohibitive covenants, at its discretion, by way of in the Courts of Dallas County, Texas, or the County Area Developer is then headquartered in. Area Developer waives all objections to personal jurisdiction or venue for purposes of this Section, and agrees that nothing in this Section shall be deemed to prevent us from removing an action brought by Area Developer from state court to federal court, or from bringing a motion to compel arbitration.

11.3 No Exclusivity. No right or remedy conferred upon or reserved to Franchisor or Area Developer 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.

11.4 Injunctive Relief. Nothing in this Agreement shall bar Franchisor's right to obtain injunctive relief from any court of competent jurisdiction against threatened conduct that will cause Franchisor loss or damage, under the usual equity rules, including the applicable rules for obtaining specific performance, restraining orders, and preliminary injunctions.

11.5 Limitation of Claims. Area Developer agrees that any and all claims against Franchisor arising out of, or relating to, this Agreement may not be commenced unless Area Developer brings them before the earlier of (a) the expiration of one (1) year after the act, transaction, or occurrence upon which such claim is based; or (b) one (1) year after this Agreement expires or is terminated for any reason. Area Developer agrees that any claim or action not brought within the periods required under this Section shall forever be barred as a claim, counterclaim, defense, or set off.

11.6 WAIVER OF RIGHT TO A JURY AND PUNITIVE DAMAGES. AREA DEVELOPER AND FRANCHISOR KNOWINGLY, VOLUNTARILY, AND INTENTIONALLY WAIVE THEIR RESPECTIVE RIGHTS TO A TRIAL BY JURY AND WAIVE ANY CLAIM FOR PUNITIVE, MULTIPLE, AND/OR EXEMPLARY DAMAGES, EXCEPT THAT EACH PARTY SHALL BE FREE AT ANY TIME HEREUNDER TO BRING AN ACTION FOR WILLFUL TRADEMARK INFRINGEMENT AND, IF SUCCESSFUL, TO RECEIVE AN AWARD OF MULTIPLE DAMAGES AS PROVIDED BY LAW.

11.7 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Texas, without giving effect to any conflict of laws principles. If, however, any provision of this Agreement would not be enforceable under the laws of Texas, and if Restaurants are located outside of Texas and such provision would be enforceable under the laws of the state in which Restaurants are located, then such provision shall be interpreted and construed under the laws of that state.

11.8 Survival. The terms of this Article 11 shall survive termination, expiration or cancellation of this Agreement.

11.9 Exclusive Remedy. In no event shall Area Developer make any claim for money damages based on any claim or assertion that Franchisor has unreasonably withheld or delayed any consent or approval under this Agreement. Area Developer waives any such claim for damages. Area Developer may not claim any such damages by way of setoff, counterclaim or defense. Area Developer's sole remedy for the claim will be an action or proceeding to enforce the provisions of this Agreement, for specific performance or for declaratory judgment.

12. AREA DEVELOPER.

12.1 Entity Information. If Area Developer is an Entity, Area Developer represents and warrants that the information set forth in Attachment C annexed to this Agreement is accurate and complete in all material respects. Area Developer shall notify Franchisor in writing within ten (10) days of any change in the information set forth in Attachment C, and shall submit to Franchisor a revised Attachment C, which shall be certified by Area Developer as true, correct and complete and upon acceptance thereof by Franchisor shall be annexed to this Agreement as Attachment C. Area Developer promptly shall provide such additional information as Franchisor may from time to time request concerning all persons who may have any direct or indirect financial interest in Area Developer, including providing copies of all amendments to Area Developer "Entity Documents" as defined in Attachment C. Area Developer shall conduct no business other than the business contemplated under this Agreement and under any currently effective Franchise Agreement between Franchisor and Area Developer. The Entity Documents of Area Developer shall recite that the issuance and transfer of any interest in Area Developer is subject to the restrictions set forth in the Agreement and any Franchise Agreement executed pursuant thereto.

12.2 Responsibility. The term "Area Developer" as used in this Agreement shall refer to each person executing this Agreement as Area Developer, whether such person is one of the spouses, partners, shareholders, members, trustees, trustors or beneficiaries or persons named as included in Area Developer, and shall apply to each such person as if he were the only named Area Developer in this Agreement.

12.2.1 If Area Developer is a married couple, both husband and wife executing this Agreement shall be liable for all obligations and duties of Area Developer under this Agreement as if such spouse were the sole Area Developer under this Agreement.

12.2.2 If Area Developer is a partnership or if more than one person executes this Agreement as Area Developer, each partner or person executing this Agreement shall be liable for all the obligations and duties of Area Developer under this Agreement.

12.2.3 If Area Developer is a trust, each trustee, trustor and beneficiary signing this Agreement shall be liable for all of the obligations and duties of Area Developer under this Agreement.

12.2.4 If Area Developer is a corporation or limited liability company, all shareholders or members executing this Agreement shall be liable for all obligations and duties of Area Developer under this Agreement as if each such shareholder or member were the sole Area Developer under this Agreement, and each such shareholder and the spouse of each such shareholder shall jointly and severally guarantee Area Developer's payment and performance of its obligations under this Agreement under a Guarantee in the form of Attachment D.

12.2.5 If Area Developer is in breach or default under this Agreement, Franchisor may proceed directly against each such spouse, partner, signatory to this Agreement, shareholder, member, trustee, trustor or beneficiary without first proceeding against Area Developer and without proceeding against or naming in such suit any other Area Developer, partner, signatory to this Agreement, shareholder, member, trustee, trustor or beneficiary. The obligations of Area Developer and each such spouse, partner, person executing this Agreement, shareholder, member, trustee, trustor and beneficiary shall be joint and several.

12.2.6 Notice to or demand upon one spouse, partner, person signing this Agreement, shareholder, member, trustee, trustor or beneficiary shall be deemed notice to or demand upon Area Developer and all such spouses, partners, persons signing this Agreement, shareholders, members, trustees, trustors and beneficiaries, and no notice or demand need be made to or upon all such Area Developer's, spouses, partners, persons executing this Agreement, shareholders, members, trustees, trustors or beneficiaries.

12.2.7 The cessation of or release from liability of Area Developer, or any such spouse, partner, person executing this Agreement, shareholder, member, trustee, trustor or beneficiary shall not relieve any other Area Developer, spouse, partner, person executing this Agreement, shareholder, member, trustee, trustor or beneficiary from liability under this Agreement, except to the extent that the breach or default has been remedied or monies owed have been paid.

13. ACKNOWLEDGMENTS.

13.1 General. Area Developer, and its Owners, jointly and severally acknowledge that they have carefully read this Agreement and all other related documents to be executed concurrently or in conjunction with the execution of this Agreement, that they have obtained the advice of counsel in connection with entering into this Agreement, that they understand the nature of this Agreement, and that they intend to comply herewith and be bound hereby. Franchisor expressly disclaims making, and Area Developer acknowledges that it or they have not received or relied on any warranty or guarantee, express or implied, as to the potential volume, profits, expenses or success of the business venture contemplated by this Agreement.

13.2 Independent Investigation. Area Developer acknowledges that Area Developer has conducted an independent investigation of the business franchised under this Agreement, recognizes that the business venture contemplated by this Agreement involves business risks, and that its success will be largely dependent upon the ability of Area Developer and if an Entity, its Owners, as independent businesspersons. Franchisor expressly disclaims the making of, and Area Developer 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.

13.3 Copy of Agreement. Area Developer acknowledges that it received a copy of this Agreement, the Attachments annexed to this Agreement, and agreements relating to this Agreement, if any, with all of the blank lines therein filled in prior to the date on which this Agreement was executed.

13.4 Opportunity to Consult. Area Developer acknowledges that it has read and understood this Agreement, the Attachments annexed to this Agreement, and agreements relating thereto, if any, and that Franchisor has accorded Area Developer ample time and opportunity to consult with advisors of Area Developer's own choosing about the potential benefits and risks of entering into this Agreement.

13.5 Franchise Disclosure Document. Area Developer acknowledges that it has received a copy of the complete Franchisor's Franchise Disclosure Document which contains a copy of this Area Development Agreement, at least fourteen (14) calendar days prior to the date on which this Agreement was executed. Area Developer acknowledges and agrees that Franchisor has made no promises, representations, warranties or assurances to Area Developer which are inconsistent with the terms of this Agreement or Franchisor's Franchise Disclosure Document, concerning the profitability or likelihood of success of Restaurant at the Franchised Location, that he has been informed by Franchisor that there can be no guarantee of success in the franchised business and that Area Developer's business ability and aptitude is primary in determining his success.

13.6 Anti-Terrorism Laws. Neither Area Developer nor any of its Owners conducts any activity, or has failed to conduct any activity, if such action or inaction constitutes a money laundering crime, including any money laundering crime prohibited under the International Money Laundering Abatement and Anti-Terrorist Financing Act ("Patriot Act") and any amendments or successors thereto.

13.6.1 Neither Area Developer, any of its Owners nor any employee of either of them is named as a "Specially Designated Nationals" or "Blocked Persons" as designated by the U.S. Department of the Treasury's Office of Foreign Assets Control. Currently, this list is published under the internet website address "www.treas.gov/offices/enforcement/ofac/sdn/". Area Developer is neither directly nor indirectly owned or controlled by the government of any country that is subject to a United States embargo. Nor does Area Developer or its Owners act directly or indirectly on behalf of the government of any country that is subject to a United States embargo. Area Developer agrees that it will notify Area Developer in writing immediately of the occurrence of any event, which renders the foregoing representations and warranties of this paragraph incorrect.

13.6.2 Area Developer represents that it understands and has been advised by legal counsel on the requirements of the Applicable Laws referred to above, including the United

States Foreign Corrupt Practices Act (currently located at www.usdoj.gov/criminal/fraud/fcpa.html), any local foreign corrupt practices laws and the Patriot Act (currently located at www.epic.org/privacy/terrorism/hr3162.html), and hereby acknowledges the importance to Area Developer, the Nation's Giant Hamburgers System and the parties' relationship of their respective compliance with any applicable auditing requirements and any requirement to report or provide access to information to Franchisor or any government, that is made part of any Applicable Law. Area Developer shall take all reasonable steps to require its consultants, agents and employees to comply with such laws prior to engaging or employing any such persons.

13.7 Attorneys' Fees. If either party commences a legal action against the other party arising out of or in connection with this Agreement, the prevailing party shall be entitled to have and recover from the other party its reasonable attorneys' fees and costs of suit.

13.8 Atypical Terms. Area Developer acknowledges and agrees that Franchisor may modify the offer of its area development rights to other Nation's Giant Hamburgers Area Developers in any manner and at any time, which offers have or may have terms, conditions and obligations which may differ from the terms, conditions and obligations in this Agreement. Area Developer further acknowledges and agrees that Franchisor has made no warranty or representation that all Area Development Agreements previously issued or issued after this Agreement by Franchisor do or will contain terms substantially similar to those contained in this Agreement. Franchisor may, in its reasonable business judgment and its sole and absolute discretion, due to local business conditions or otherwise, waive or modify comparable provisions of other Area Development Agreements previously executed or executed after the date of this Agreement with other Nation's Giant Hamburgers area developers in a non-uniform manner.

13.9 Counterparts and Electronic Transmission; Electronic Signatures. This Agreement and its Attachments may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument. Copies of this Agreement and its Attachments with signatures that have been transmitted by email or by facsimile shall constitute and will be deemed original copies of this Agreement and its Attachments for all purposes, provided that the copies are fully executed, dated and identical in form to the original hard copy version of this Agreement and its Attachments. In addition, this Agreement and all Attachments to this Agreement may be signed electronically by the parties and electronic signatures appearing on this Agreement and the Attachments shall be deemed to be the same as handwritten signatures for the purposes of the validity, enforceability and admissibility of this Agreement and the Attachments.

IN WITNESS WHEREOF, the parties to this Agreement have executed this Agreement as of the date first shown above.

FRANCHISOR:

Nation's Franchisor, Inc.,
a Delaware limited liability company

By: ____

Name: ______________________________________
Title: ____

AREA DEVELOPER:

____,
By: ____
Name: ______________________________________
Title: ____

NATION'S GIANT HAMBURGERS
AREA DEVELOPMENT AGREEMENT

ATTACHMENT A
INITIAL DEVELOPMENT FEE AND DEVELOPMENT AREA

NATION'S GIANT HAMBURGERS
AREA DEVELOPMENT AGREEMENT

ATTACHMENT A
INITIAL DEVELOPMENT FEE AND DEVELOPMENT AREA

The "**Initial Development Fee**" is $______________, representing 50% of the initial fee for each Restaurant (excluding the first Restaurant) required to be opened during the Term pursuant to the Development Obligation.

The **Development Area*** is defined as the territory within the boundaries described below:

____
____
____
____
____

* If the Development Area is defined by streets, highways, freeways or other roadways, or rivers, streams, or tributaries, then the boundary of the Development Area shall extend to the center line of each such street, highway, freeway or other roadway, or river, stream or tributary.

IN WITNESS WHEREOF, the parties below have executed this Attachment A as of the Effective Date.

FRANCHISOR:

Nation's Franchisor, Inc.,
a Delaware limited liability company

By: ____
Name: ______________________________________
Title: _______________________________________

AREA DEVELOPER:

____,
By: ____
Name: ______________________________________
Title: _______________________________________

NATION'S GIANT HAMBURGERS
AREA DEVELOPMENT AGREEMENT

ATTACHMENT B
DEVELOPMENT OBLIGATIONS

NATION'S GIANT HAMBURGERS
AREA DEVELOPMENT AGREEMENT

ATTACHMENT B
DEVELOPMENT OBLIGATIONS

	DEVELOPMENT PERIOD ENDING	**CUMULATIVE NUMBER OF RESTAURANTS TO BE IN OPERATION**
1.	______________________	______________________
2.	______________________	______________________
3.	______________________	______________________

IN WITNESS WHEREOF, the parties below have executed this Attachment B as of the Effective Date.

FRANCHISOR:

Nation's Franchisor, Inc.,
a Delaware limited liability company

By: ______________________________
Name: ____________________________
Title: _____________________________

AREA DEVELOPER:

___________________________________,
By: ______________________________
Name: ____________________________
Title: _____________________________

NATION’S GIANT HAMBURGERS
AREA DEVELOPMENT AGREEMENT

ATTACHMENT C
ENTITY INFORMATION

NATION’S GIANT HAMBURGERS
AREA DEVELOPMENT AGREEMENT

ATTACHMENT C
ENTITY INFORMATION

Area Developer represents and warrants that the following information is accurate and complete in all material respects as of ______________________:

(1) Area Developer is a (check as applicable):
[ ] corporation
[ ] limited liability company
[ ] general partnership
[ ] limited partnership
[ ] Other (specify): ___________________________________

State of incorporation/organization: _____________________

Name of Area Developer entity: ________________________

Federal Tax Identification Number: _____________________

(2) Area Developer shall provide to Franchisor concurrently with the execution of this Attachment true and accurate copies of its charter documents including Articles of Incorporation, Bylaws, Operating Agreement, Regulations, Partnership Agreement, resolutions authorizing the execution of this Attachment and any amendments to the foregoing ("Entity Documents").

(3) Area Developer promptly shall provide such additional information as Franchisor may from time to time request concerning all persons who may have any direct or indirect financial interest in Area Developer.

(4) The name and address of each of Area Developer's Owners, members, shareholders or general and limited partner:

NAME	**ADDRESS**	**NUMBER OF SHARES OR PERCENTAGE INTEREST** (if applicable)

(5) There is set forth below the names, and addresses and titles of Area Developer's principal officers, partners and shareholders who will be devoting their full time to the franchise business:

NAME	ADDRESS	TITLE

6) The address where Area Developer's Financial Records and entity records (e.g., Articles of Incorporation, Bylaws, Operating Agreement, Partnership Agreement, etc.) are maintained is:
____.

(7) Area Developer represents and warrants to Franchisor, as an inducement to Franchisor's execution of the Area Development Agreement, that the information set forth on this Entity Information Disclosure is true, accurate and complete in all material respects on the Effective Date and that Area Developer shall provide Franchisor with all additional information Franchisor may request with respect to the Owners and the ownership of Area Developer. In addition, Area Developer shall notify Franchisor within ten (10) days of any change in the information set forth in the Entity Information Disclosure and shall provide Franchisor with a revised Entity Information Disclosure certified by Area Developer to be true, correct and complete in all material respects. Franchisor grants Area Developer the rights in this Agreement in reliance upon each and all of the terms of the Entity Information Disclosure.

FRANCHISOR:

Nation’s Franchisor, Inc.,
a Delaware limited liability company

By: ____
Name: ______________________________________
Title: _______________________________________

AREA DEVELOPER:

____,
By: ____
Name: ______________________________________
Title: _______________________________________

NATION'S GIANT HAMBURGERS
AREA DEVELOPMENT AGREEMENT

ATTACHMENT D
GUARANTEE

NATION'S GIANT HAMBURGERS
FRANCHISE AGREEMENT

ATTACHMENT D
GUARANTEE

As an inducement to Nation's Franchisor, Inc., ("Franchisor") to execute the Area Development Agreement (the "Development Agreement") with ______________________________, a ____ ("Area Developer") dated ____________, and in consideration of Franchisor's executing the Development Agreement, ____________________________________ ("Guarantors") hereby grant this guarantee (this "Guarantee") and agree as follows:

A. Guarantors shall pay or cause to be paid to Franchisor all monies payable by Area Developer under the Development Agreement on the days and times in the manner therein appointed for payment thereof.

B. Guarantors shall unconditionally and fully guarantee full performance and discharge by Area Developer of all the obligations of Area Developer under the Development Agreement at the times and in the manner therein provided.

C. Guarantors shall indemnify and hold Franchisor and its affiliates harmless against and from all losses, damages, costs and expenses which Franchisor and its affiliates may sustain, incur or become liable for by reason of: (i) the failure for any reason whatsoever of Area Developer to pay the monies payable pursuant to the Development Agreement or to do and perform any other act, matter or thing pursuant to the provisions of the Development Agreement; or (ii) any act, action or proceeding of or by Franchisor for or in connection with the recovery of monies or the obtaining of performance by Area Developer of any other act, matter or thing pursuant to the provisions of the Development Agreement.

D. Franchisor shall not be obligated to proceed against Area Developer or exhaust any security from Area Developer or pursue or exhaust any remedy, including any legal or equitable relief against Area Developer, before proceeding to enforce the obligations of Guarantors under this Guarantee, and the enforcement of such obligations may take place before, after, or contemporaneously with, enforcement of any debt or obligation of Area Developer under the Development Agreement.

E. Without affecting Guarantors' obligations under this Guarantee, Franchisor, without notice to the Guarantor, may extend, modify or release any indebtedness or obligation of Area Developer, or settle, adjust or compromise any claims against Area Developer. Guarantors waive notice of amendment of the Development Agreement and notice of demand for payment or performance by Area Developer.

F. Guarantors' obligations under this Guarantee shall remain in full force and effect, and shall be unaffected by: (i) the unenforceability of the Franchise Agreement against Area Developer; (ii) the termination of any obligations of Area Developer under the Development Agreement by operation of law or otherwise; (iii) the bankruptcy, insolvency, dissolution or other liquidation of Area Developer, including, without limitation, any surrender or disclaimer of the Development Agreement by the trustee in bankruptcy of Area Developer; (iv) Franchisor's consent or acquiescence to any bankruptcy, receivership, insolvency or any other creditor's proceedings of or against Area Developer, or by the winding-up or dissolution of Area Developer, or any other event or occurrence which would have the effect at law of terminating the existence of Area Developer's obligations prior to the termination of the Development Agreement; or (v) by any other agreements or other dealings between Franchisor and Area Developer having the effect of amending or altering the Development Agreement or Area Developer's obligations under this Guarantee, or by any want of notice by Franchisor to Area Developer of any default of Area Developer or by any other matter, thing, act or omission of Franchisor whatsoever.

G. This Guarantee may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument. Copies of this Guarantee with signatures that have been transmitted by email or by facsimile shall constitute and be deemed original copies of this Guarantee for all purposes, provided that the copies are fully executed, dated and identical in form to the original hard copy version of this Guarantee. In addition, this Guarantee may be signed electronically by Guarantors and electronic signatures appearing on this Guarantee shall be deemed to be the same as handwritten signatures for the purposes of the validity, enforceability and admissibility of this Guarantee.

H. The provisions of Article 10 of the Development Agreement shall apply as to any interpretation or enforcement of this Guarantee, and the provisions of Section 10.13 of the Development Agreement shall apply to any notice to either party, except that notice to Guarantors shall be as follows:

Names and Addresses

____
____
____

____
____
____

IN WITNESS WHEREOF, each of the undersigned has signed this Guarantee as of the day and year set forth below.

GUARANTOR:

________________________________ Date: __________________________

________________________________ Date: __________________________

EXHIBIT D-1 TO THE NATION'S GIANT HAMBURGERS DISCLOSURE DOCUMENT

LIST OF FRANCHISED RESTAURANTS

None.

EXHIBIT D-2 TO THE
NATION'S GIANT HAMBURGERS
DISCLOSURE DOCUMENT

LIST OF COMPANY OWNED RESTAURANTS

Nation's Giant Hamburgers
1432 Webster Street
Alameda, CA 94501
510-521-8888

Nation's Giant Hamburgers
191 Military East
Benicia, CA 94510
707-747-0888

Nation's Giant Hamburgers
1800 University Avenue
Berkeley, CA 94703
510-843-7326

Nation's Giant Hamburgers
6560 Lone Tree Way
Brentwood, CA 94513
925-513-1086

Nation's Giant Hamburgers
3088 Castro Valley Boulevard
Castro Valley, CA 94546
510-247-3100

Nation's Giant Hamburgers
5450 Sunrise Boulevard
Citrus Heights, CA 95610
916-966-1501

Nation's Giant Hamburgers
4600 Clayton Road
Concord, CA 94521
925-685-8001

Nation's Giant Hamburgers
201 Westlake Center
Daly City, CA 94015
650-755-8880

Nation's Giant Hamburgers
6060 Central Avenue
El Cerrito, CA 94530
510-528-8888

Nation's Giant Hamburgers
1955 West Texas Street
Fairfield, CA 94533
707-425-1800

Nation's Giant Hamburgers
5213 Mowry Avenue
Fremont, CA 94538
510-797-3211

Nation's Giant Hamburgers
24999 Santa Clara Street
Hayward, CA 94544
510-783-2114

Nation's Giant Hamburgers
1424 First Street
Livermore, CA 94550
925-373-8132

Nation's Giant Hamburgers
2509 McHenry Avenue
Modesto, CA 95350
209-424-0008

Nation's Giant Hamburgers
400 Park Street
Moraga, CA 94556
925-376-8888

Nation's Giant Hamburgers
1441 Third Street
Napa, CA 94559
707-252-8500

Nation’s Giant Hamburgers
317 Broadway
Oakland, CA 94607
510-451-6350

Nation’s Giant Hamburgers
65 Moraga Way
Orinda, CA 94563
925-254-8888

Nation’s Giant Hamburgers
3789 Railroad Avenue
Pittsburg, CA 94565
925-432-3103

Nation’s Giant Hamburgers
1900 A Contra Costa Boulevard
Pleasant Hill, CA 94523
925-798-4280

Nation’s Giant Hamburgers
5321 Hopyard Road
Pleasanton, CA 94588
925-463-2388

Nation’s Giant Hamburgers
3530 Truxel Road
Sacramento, CA 95834
916-575-7622

Nation’s Giant Hamburgers
1335 Washington Avenue
San Leandro, CA 94577
510-352-8820

Nation’s Giant Hamburgers
13296 San Pablo Avenue
San Pablo, CA 94806
510-236-1511

Nation’s Giant Hamburgers
3333 W Hammer Lane
Stockton, CA 95219
209-477-5922

Nation’s Giant Hamburgers
16396 San Pablo Avenue
Tara Hills, CA 94806
510-724-5530

Nation’s Giant Hamburgers
3574 Tracy Boulevard
Tracy, CA 95376
209-835-8772

Nation’s Giant Hamburgers
100 Brown's Valley Parkway
Vacaville, CA 95688
707-446-8881

Nation’s Giant Hamburgers
2525 Sonoma Boulevard
Vallejo, CA 94590
707-554-8888

EXHIBIT D-3 TO THE
NATION'S GIANT HAMBURGERS
DISCLOSURE DOCUMENT

LIST OF FRANCHISEES WHO LEFT THE SYSTEM

None.

EXHIBIT E TO THE
NATION'S GIANT HAMBURGERS
DISCLOSURE DOCUMENT

LIST OF STATE ADMINISTRATORS

California: Department of Financial Protection and Innovation One Sansome Street, Ste. 600 San Francisco, CA 94105 320 West 4th Street, Suite 750 Los Angeles, CA 90013-1105 2101 Arena Boulevard Sacramento, CA 95834 1-866-275-2677	**Nebraska:** Nebraska Department of Banking and Finance Finance Securities Bureau 1526 K Street, Suite 3000 P.O. Box 95006 Lincoln, NE 68508 1-402-471-3445
Connecticut: Securities and Business Investment Division Connecticut Department of Banking 260 Constitution Plaza Hartford, CT 06103-1800 1-800-831-7225	**New York:** New York State Department of Law Investor Protection Bureau 28 Liberty Street, 21st Floor New York, NY 10005 1-212-416-8222
Florida: Department of Agriculture and Consumer Services Division of Administration The Mayo Building 407 South Calhoun Street Tallahassee, FL 32399-6500 1-800-617-7000	**North Dakota:** North Dakota Securities Department 600 East Boulevard Avenue, State Capitol, 5th Floor Bismarck, ND 58505-0510 1-800-297-5124
Hawaii: Department of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 205 Honolulu, HI 96813 1-808-586-2744	**Rhode Island:** State of Rhode Island Department of Business Regulation Securities Division, Franchise Section 1511 Pontiac Avenue, Bldg. 69-2 Cranston, RI 02920 1-401-462-9500

Illinois: Illinois Office of the Attorney General Franchise Bureau 500 South Second Street Springfield, IL 62701 1-877-844-3371	**South Dakota:** South Dakota Department of Labor and Regulation Division of Insurance – Securities Regulation 124 S. Euclid Avenue, Second Floor Pierre, South Dakota 57501 1-605-773-3563
Indiana: Indiana Securities Division Franchise Section 302 West Washington Street, Room E-111 Indianapolis, IN 46204 1-317-232-6681	**Texas:** Texas Secretary of State Registrations Unit 1019 Brazos Street Austin, TX 78701 1-512-475-0775
Kentucky: Kentucky Office of the Attorney General Consumer Protection Division Business Opportunity 1024 Capital Center Drive, Suite 200 Frankfort, KY 40601 1-502-696-5300	**Utah:** Department of Commerce Division of Consumer Protection 160 East 300 South, Second Floor SM Box 146704 Salt Lake City, Utah 84114-6704 1-801-530-6601
Maryland: Maryland Office of the Attorney General Securities Division 200 Saint Paul Place Baltimore, MD 21202 1-888-743-0023	**Virginia:** State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9th Floor Richmond, VA 23219 1-800-552-7945
Michigan: Michigan Department of Attorney General Consumer Protection Division - Franchise Section G. Mennen Williams Building 525 W. Ottawa Street P.O. Box 30212 Lansing, MI 48909 1-517-335-7622	**Washington:** State of Washington Department of Financial Institutions Securities Division 150 Israel Road SW Tumwater, WA 98501 1-360-902-8760

Minnesota: Minnesota Department of Commerce Securities Unit 85 7th Place East, Suite 280 St. Paul, MN 55101 1-651-539-1638	**Wisconsin:** Wisconsin Department of Financial Institutions Office of the Commissioner of Securities 4822 Madison Yards Way, North Tower Madison, WI 53705 1-680-266-0448

EXHIBIT F TO THE
NATION'S GIANT HAMBURGERS
DISCLOSURE DOCUMENT

AGENTS FOR SERVICE OF PROCESS

California: Commissioner Department of Financial Protection and Innovation One Sansome Street, Ste. 600 San Francisco, CA 94105 320 West 4th Street, Suite 750 Los Angeles, CA 90013-1105 2101 Arena Boulevard Sacramento, CA 95834	**Nebraska:** Nebraska Department of Banking and Finance Finance Securities Bureau 1526 K Street, Suite 3000 P.O. Box 95006 Lincoln, NE 68508
Connecticut: Securities and Business Investment Division Connecticut Department of Banking 260 Constitution Plaza Hartford, CT 06103-1800	**New York:** Secretary of State New York State Department of Law 99 Washington Avenue Albany, New York 12231
Florida: Department of Agriculture and Consumer Services Division of Administration The Mayo Building 407 South Calhoun Street Tallahassee, FL 32399-6500	**North Dakota:** Securities Commissioner North Dakota Securities Department 600 East Boulevard Avenue, State Capitol, 5th Floor Bismarck, ND 58505-0510
Hawaii: Commissioner of Securities Department of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 205 Honolulu, HI 96813	**Rhode Island:** State of Rhode Island Department of Business Regulation Securities Division, Franchise Section 1511 Pontiac Avenue, Bldg. 69-2 Cranston, RI 02920 1-401-462-9500

Illinois: Attorney General Illinois Office of the Attorney General Franchise Bureau 500 South Second Street Springfield, IL 62701	**South Dakota:** Director of the Division of Securities South Dakota Department of Labor and Regulation Division of Insurance – Securities Regulation 124 S. Euclid Avenue, Second Floor Pierre, South Dakota 57501
Indiana: Secretary of State Indiana Securities Division Franchise Section 302 West Washington Street, Room E-111 Indianapolis, IN 46204	**Texas:** Texas Secretary of State Registrations Unit 1019 Brazos Street Austin, TX 78701
Kentucky: Kentucky Office of the Attorney General Consumer Protection Division Business Opportunity 1024 Capital Center Drive, Suite 200 Frankfort, KY 40601	**Utah:** Department of Commerce Division of Consumer Protection 160 East 300 South, Second Floor SM Box 146704 Salt Lake City, Utah 84114-6704
Maryland: Securities Commissioner Maryland Office of the Attorney General Securities Division 200 Saint Paul Place Baltimore, MD 21202	**Virginia:** Clerk of the State Corporation Commission State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9th Floor Richmond, VA 23219
Michigan: Attorney General Michigan Department of Attorney General Consumer Protection Division - Franchise Section G. Mennen Williams Building 525 W. Ottawa Street P.O. Box 30212 Lansing, MI 48909	**Washington:** Director of Financial Institutions State of Washington Department of Financial Institutions Securities Division 150 Israel Road SW Tumwater, WA 98501
Minnesota: Commissioner of Commerce Minnesota Department of Commerce Securities Unit 85 7th Place East, Suite 280 St. Paul, MN 55101	**Wisconsin:** Administrator, Division of Securities Wisconsin Department of Financial Institutions Office of the Commissioner of Securities 4822 Madison Yards Way, North Tower Madison, WI 53705

EXHIBIT G TO THE
NATION'S GIANT HAMBURGERS
DISCLOSURE DOCUMENT

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NATION'S GIANT HAMBURGERS
FRANCHISE OPERATIONS MANUAL

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C. HUMAN RESOURCES (continued)

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D. DAILY OPERATING PROCEDURES (continued)

D. DAILY OPERATING PROCEDURES (continued)

E. MANAGING A NATION'S GIANT HAMBURGERS

E. MANAGING A NATION'S GIANT HAMBURGERS (continued)

F. ADVERTISING/MARKETING

EXHIBIT H TO THE
NATION'S GIANT HAMBURGERS
DISCLOSURE DOCUMENT

SAMPLE FORM OF GENERAL RELEASE

SAMPLE FORM OF
GENERAL RELEASE

This General Release (this "Release") is made by ________________________ [NAME OF FRANCHISEE] ("Franchisee") in favor of Nation's Franchisor, Inc. ("Franchisor") and certain related parties as set forth below effective as of _______________,2____ (the "Effective Date").

Franchisor is the franchisor of Nation's Giant Hamburgers restaurants ("Restaurants").

Franchisor and Franchisee entered into a Franchise Agreement dated __________________, _____ (the "Franchise Agreement") for the operation of a Restaurant located at __________________________ (the "Franchised Business").

Franchisee is seeking to renew the franchise or is seeking Franchisor's consent to sell, transfer and convey the rights under the Franchise Agreement to _________________________________ [NAME OF PURCHASER] ("Purchaser") as provided in the Franchise Agreement. A release of all claims against Franchisor and related parties by Franchisee is one of the conditions that must be satisfied in order to renew or transfer the franchise under the Franchise Agreement. ***[OR: The current term of the Franchise Agreement has not expired, and Franchisee wishes to enter into a new franchise agreement with Franchisor for the Franchised Business that would replace the Franchise Agreement and provide Franchisee with a new ten (10) year franchise term and a further right to renew. Franchisor is willing to enter into a new franchise agreement with Franchisee in consideration of Franchisee entering into this Release.]***

Therefore, in consideration of these premises, and for other good and valuable consideration, receipt of which is hereby acknowledged, Franchisee agrees as follows:

1. **Release by Franchisee.** Franchisee for Franchisee and Franchisee's respective predecessors, shareholders, officers, directors, members, partners, owners, successors, assigns, affiliates, family members, heirs, executors, administrators and personal representatives and anyone claiming through or under them (collectively the "Franchisee Parties"), hereby releases, acquits and forever discharges Franchisor and its predecessors, successors, assigns, parent company, subsidiaries, affiliates, officers, directors, stockholders, employees, attorneys, accountants and other representatives (collectively the "Franchisor Parties") of and from any and all claims, demands, debts, disputes, obligations, damages, causes of action and claims for relief of any nature whatsoever, whether known or unknown, whether arising under the Franchise Agreement, or under common law, equitable principles, statute (including but not limited to the California Franchise Investment Law), regulation or otherwise, whether fixed or contingent, which the Franchisee Parties or any of them have against the Franchisor Parties by reason of any matter, event or cause whatsoever occurring at any time before, through and including the Effective Date of this Release stated above.

2. **Waiver of Civil Code Section 1542.** Franchisee for Franchisee and the Franchisee Parties hereby expressly waives any rights or benefits available under the provisions of Section 1542 of the California Civil Code or any similar law of any state that provides for the survival of claims notwithstanding a general release. Civil Code Section 1542 provides as follows:

> **A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party.**

Franchisee understands this statutory language, and notwithstanding this or any similar statute or law, Franchisee freely elects to specifically waive these rights and hereby does release the Franchisor Parties from all claims whether known or unknown at the time of this Release. Franchisee understands that if the facts relied upon in making this Release are discovered hereafter to be other than or different from the facts now believed to be true, or if additional facts are discovered, Franchisee expressly accepts the risk of such possible different or additional facts and agrees that this Release shall remain effective notwithstanding any such discoveries. Franchisee is not deciding to make this Release or waiver predicated on any factual representations of Franchisor concerning the nature of any claims released, past or future events or any other matters.

3. **Representations.** Franchisee represents, warrants, agrees and acknowledges:

   a. That Franchisee had the opportunity to consult with legal counsel in making this Release and that Franchisee has read and fully understands the terms of this Release and that this Release was entered into freely and voluntarily;

   b. That the validity of this Release is an essential condition to and in consideration of Franchisor's consent to the transfer or renewal of the franchise ***[OR: Franchisor's offer of a new franchise agreement and franchise term prior to expiration of the Franchise Agreement]***;

   c. That in addition to this Release, there are other conditions that must be satisfied in order to have the franchise transfer or renewal approved by Franchisor as required in the Franchise Agreement and that Franchisee understands and agrees to these conditions; and

   d. That Franchisee is the sole owner of all of the claims released hereby and has not heretofore assigned any interest in the franchise, the Franchise Agreement, or any of the claims released hereby.

4. **Entire Agreement.** This Release contains the entire agreement by Franchisee with respect to the release required for ***[the applicable transaction]***. All prior discussions, negotiations, and representations concerning this matter are superseded by this Release.

5. **Governing Law.** This Release will be governed by the laws of California.

6. **Exception to Release.** Notwithstanding any of the provisions of this Release, if Franchisee is entering into a new franchise agreement concurrently with this Release, this Release is not meant to waive compliance with any provisions of the California Franchise Investment Law that might apply to the acquisition of the new franchise agreement.

Name(s) of Franchisee Above

FRANCHISEE

____
(Name of Entity)
By: ______________________________
(Signature)
Title: ______________________________
Date: ______________________________

FRANCHISEE

____
(Print Name)
By: ______________________________
(Signature)
Date: ______________________________

EXHIBIT I TO THE
NATION'S GIANT HAMBURGERS
DISCLOSURE DOCUMENT

STATE ADDENDA

CALIFORNIA APPENDIX

The California franchise investment law requires that a copy of all proposed agreements relating to the sale of the franchise be delivered together with the disclosure document at least 14 days prior to signing any agreements.

The Department of Financial Protection and Innovation requires that the franchisor defer the collection of all initial fees from California franchisees until the franchisor has completed all its pre-opening obligations and franchisee is open for business.

Registration of this franchise does not constitute approval, recommendation, or endorsement by the Commissioner of the Department of Financial Protection and Innovation.

The franchisor, any person or franchise broker in item 2 of the FDD is not subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in that such association or exchange.

OUR URL IS www.nationsrestaurants.com. OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTES CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT www.dfpi.ca.gov

a. California Business and Professions Code 20000 through 20043 provide rights to the franchisee concerning transfer, termination or non-renewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law will control. (Note: this is required to be disclosed in all filings.)

b. The franchise agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.).

c. The franchise agreement contains a covenant not to compete, which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

d. The franchise agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

e. The franchise agreement requires binding arbitration. The arbitration will occur at Dallas County, Texas with the costs being borne by each party, except that a prevailing party may recover their costs from the other party. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

f. The franchise agreement requires application of the laws of Texas. This provision may not be enforceable under California law.

g. Section 31125 of the California Corporations Code requires us to give you a disclosure document, in a form containing the information that the commissioner may by rule or order require, before a solicitation of a proposed material modification of an existing franchise.

h. California's Franchise Investment Law (Corporations Code sections 31512 and 31512.1) states that any provision of a franchise agreement or related document requiring the franchisee to waive specific provisions of the law is contrary to public policy and is void and unenforceable. The law also prohibits a franchisor from disclaiming or denying (i) representations it, its employees, or its agents make to you (ii) your ability to rely on an representations it makes to you, or (iii) any violations of the law.

i. Furthermore, if applicable, disclose: You must sign a general release of claims if you renew or transfer your franchise. California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516). Business and Professions Code Section 20010 Voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043).

j. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

CALIFORNIA ADDENDUM TO FRANCHISE AGREEMENT AND AREA DEVELOPMENT AGREEMENT

This California Addendum amends the Franchise Agreement and, if the parties enter into one, the Area Development Agreement as follows:

1. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

Dated: _______

Nation's Franchisor, Inc.

By:__________

Adam Smith, CEO

FRANCHISEE

By:__________

By:__________

EXHIBIT J TO THE
NATION'S GIANT HAMBURGERS
DISCLOSURE DOCUMENT

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

State	Effective Date
California	N/A

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

EXHIBIT K TO THE NATION'S GIANT HAMBURGERS DISCLOSURE DOCUMENT

RECEIPTS

RECEIPT
(OUR 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 Nation's Giant Hamburgers offers you a franchise, we must provide this disclosure document to you fourteen (14) calendar days before you sign a binding agreement or make a payment to us or an affiliate in connection with the proposed franchise sale.

Issuance Date: April 18, 2024

The Corporation Trust Company is authorized to receive service of process at 1209 Orange Street, Wilmington, DE 19801.

Our franchise sellers include:

James Lloyd jlloyd@nationsrestaurants.com	250 Dallas Street, Van Alstyne, TX 75495	(517) 388-1608

I have received a Franchise Disclosure Document dated (Pending) that includes the following exhibits:

Exhibit A - Financial Statements
Exhibit B Franchise Agreement
Exhibit C Area Development Agreement
Exhibit D-1 List of Franchised Restaurants
Exhibit D-2 List of Company-Owned Restaurants
Exhibit D-3 List of Franchisees Who Left the System
Exhibit E List of State Administrators
Exhibit F Agents for Service of Process
Exhibit G Operations Manual Table of Contents
Exhibit H Sample Form of General Release
Exhibit I State Addenda
Exhibit J State Effective Dates
Exhibit K Receipts

DATE	SIGNATURE	PRINTED NAME
_______________	______________________________	__________________________

Please sign this copy of the receipt, date your signature, and return it to:
James Lloyd, jlloyd@nationsrestaurants.com

RECEIPT
(YOUR 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 NATION'S GIANT HAMBURGERS offers you a franchise, we must provide this disclosure document to you fourteen (14) calendar days before you sign a binding agreement or make a payment to us or an affiliate in connection with the proposed franchise sale.

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Exhibit I State Addenda
Exhibit J State Effective Dates
Exhibit K Receipts

DATE	SIGNATURE	PRINTED NAME
______________	____________________________	________________________

KEEP THIS COPY FOR YOUR RECORDS.