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FRANCHISE DISCLOSURE DOCUMENT

SIZZLER USA FRANCHISE, INC
25910 Acero Drive, Suite 350
Mission Viejo, CA 92691
(949) 491-8402
www sizzler com

We grant you the right to operate a mid-scale, casual dining SIZZLER® Restaurant Your Restaurant will feature a variety of menu items, including steak, seafood, poultry, salad bar and other products and beverages, including alcoholic beverages

The total investment necessary to begin operation of a single SIZZLER® Restaurant is from $1,909,750 to $2,607,750 for a free standing location (not including land) or from $1,329,750 to $2,292,750 for a non-free standing location This includes $35,000 to $90,000 that must be paid to the franchisor or affiliate The total investment necessary to begin operation of a Sizzler Restaurant under an Area Development Agreement is from $1,924,750 to $2,622,750 for a free standing location (not including land) or from $1,431,750 to $2,397,750 for a non-free standing location This includes $50,000 to $140,000 that must be paid to the franchisor or affiliate

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

You may wish to receive your disclosure document in another format that is more convenient for you To discuss the availability of disclosures in different formats, contact Forbes Collins, Chief Operating Officer, at 25910 Acero Drive, Suite 350, Mission Viejo, CA 92691, telephone (949) 491-8402

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

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

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

Issuance Date August 16, 2019

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STATE COVER PAGE

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

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

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

Please consider the following RISK FACTORS before you buy this franchise

1 THE FRANCHISE AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH US BY LITIGATION OR ARBITRATION ONLY IN LOS ANGELES, CALIFORNIA OUT-OF-STATE LITIGATION OR ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES IT MAY ALSO COST MORE TO LITIGATE OR ARBITRATE WITH US IN CALIFORNIA THAN IN YOUR OWN STATE

2 THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE

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

Effective Date See the following page for registration state effective dates

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

The Franchise Disclosure Document is registered, on file or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates

California	
Illinois	
Utah	
Washington	

In all other states, the effective date is the issuance date of August 16, 2019

TABLE OF CONTENTS

EXHIBITS

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

To simplify the language in this Franchise Disclosure Document, "we" or "us" means Sizzler USA Franchise, Inc , the Franchisor "You" means the person or entity that buys the franchise If the franchisee is a corporation, partnership or other entity, "you" also may mean its owners

The Franchisor

We are a Delaware corporation incorporated on May 6, 1997, under the name Sizzler USA Restaurants, Inc We changed our name to Sizzler USA Franchise, Inc on May 29, 1997 As of the date of this Disclosure Document, our principal place of business is at 25910 Acero Drive, Suite 350, Mission Viejo, CA 92691 We do business under our corporate name and "SIZZLER " We do not offer, and have not offered, franchises in any other line of business Except as described below, we do not have any predecessors, parents or affiliates Our agents for service of process are disclosed in Exhibit A to this Franchise Disclosure Document

Predecessors and Prior Business Experience

We are the successor to an entity that conducted a similar business and granted similar franchises since April 1959 Our immediate predecessor was Sizzler Restaurants International, Inc , a Delaware corporation formed on August 13, 1985 From 1959 to 1985, our predecessor was a California corporation, also named Sizzler Restaurants International, Inc , which began operating SIZZLER Restaurants in April 1968 Also, from April 1968 to June 1996, this predecessor granted franchises for SIZZLER Restaurants

Sizzler Restaurants International, Inc was renamed Sizzler USA Restaurants, Inc on October 14, 1997 (and is referred to below as "SUSAR") On June 23, 1997, under SUSAR's Second Amended Plan of Reorganization and an order of the U S District Bankruptcy Court for the Central District of California, it assigned to us all Sizzler-related trademarks and service marks for the United States and Guatemala (the "Marks"), all Proprietary Information and all franchise agreements previously held by it Since June 23, 1997, SUSAR continues to operate its Sizzler Restaurants under a license agreement with us SUSAR's principal place of business if the same as ours

Parents and Affiliates

All of our common stock is owned by Sizzler USA, Inc , a Delaware corporation which was incorporated on May 6, 1997 as Sizzler USA Holdings, Inc , and was renamed Sizzler USA, Inc on May 29, 1997 Sizzler USA, Inc is also the owner of all of the common stock of SUSAR, and Sizzler USA Real Property, Inc , a Delaware corporation which was incorporated on May 6, 1997 Sizzler USA Real Property, Inc owns and leases real property where certain Sizzler® Restaurants are located, and leases or subleases its real property interests to certain franchisees Neither Sizzler USA, Inc , nor Sizzler USA Real Property, Inc has granted franchises in any line of business

Sizzler USA, Inc is a wholly-owned subsidiary of Worldwide Restaurant Concepts, Inc (' WRC'), a Delaware corporation, which changed its name from Sizzler International, Inc on September 4, 2001 On April 28, 2005, WRC entered into a merger agreement with Aus Bidco and its wholly-owned subsidiary Mergeco, under which Aus Bidco acquired WRC through a merger of Mergeco into WRC WRC is the surviving corporation in the merger The new WRC is a wholly-owned subsidiary of Sizzler USA Finance, Inc (fka US Bidco), which is a wholly-owned subsidiary of Sizzler USA Holdings, Inc (' SUSA Holdings"), a Delaware corporation that changed its name from US Holdco Inc on February 17, 2006 SUSA Holdings was previously owned by Pacific Equity Partners but was acquired by Sizzler USA Acquisition, Inc ("Acquisition") on June 7, 2011 Acquisition is owned by our management

The principal place of business for WRC, Sizzler USA, Inc , Sizzler USA Real Property, Inc , and Acquisition is the same as ours None of our affiliates grant franchises in any line of business

The Franchise

We grant you the right to operate a SIZZLER® Franchised Restaurant (the "Restaurant") under the terms of a Franchise Agreement ("Franchise Agreement") We also offer to qualified entities the right to develop multiple SIZZLER® Restaurants within a protected territory ("Development Territory") under the terms of the Area Development Agreement ("Area Development Agreement") You will sign an Area Development Agreement only if you commit to developing two or more Restaurants You will not sign an Area Development Agreement if (a) you seek to develop only one Restaurant, or (b) you sign the Franchise Agreement in connection with the renewal or transfer of an existing Restaurant from an existing franchisee If you sign an Area Development Agreement, you will sign a separate Franchise Agreement for each Restaurant developed under your Area Development Agreement

Your Restaurant will be a mid-scale, casual dining restaurant and will offer on-premises dining and carry-out and will offer for sale a wide variety of steak, seafood, poultry, salad bar and other products and beverages, including alcoholic beverages ("Menu Items") You may not offer delivery services, however, we may permit franchisees to offer catering services You must prepare the Menu Items in accordance with our specified recipes and serve in accordance with our specified standards Each Franchised Restaurant operates under the name SIZZLER® and other marks as we designate

You must operate your Restaurant under the unique SIZZLER® system ("System") The System is characterized by distinctive layout, service style, design, signs, decor, furnishings, recipes, procedures and techniques, all of which we may change SIZZLER® Restaurants range in size from approximately 5,500 to 6,000 square feet with seating capacity for approximately 180 to 225 people You must adhere to the System regardless of the size of your Restaurant

The Market and Competition

Your Restaurant will offer food products to the general public and the sales are not seasonal Your competitors include other restaurant businesses, particularly those offering similar food products, including national or regional franchise systems and other chains We believe that the market for mid-scale, casual dining restaurants offering steak, seafood, poultry, salad bar, and other products and beverages is well developed and extremely competitive

Licenses and Permits

Laws exist in every state that govern the food service industry (including health, sanitation and safety regulations regarding food storage, preparation and safety) and the sale of liquor You must comply with these laws and other laws that apply to businesses generally In addition to laws and regulations that apply to businesses generally, your Restaurant will be subject to various federal, state and local government regulations, including those relating to site location and building construction, such as the Americans with Disabilities Act, storage, preparation and sale of food products including meat products, and sale of alcoholic beverages, and health, sanitation and safety regulations relating to food service It is your sole responsibility to obtain and keep in force all necessary licenses and permits required by public authorities, including an alcoholic beverage vendor's license You should investigate whether there are regulations and requirements that may apply in the geographic area in which you are interested in locating your Restaurant and should consider both their effect and cost of compliance It is your sole responsibility to obtain and keep in force all necessary licenses and permits required by public authorities and to comply with all PCI (Payment Card Industry) Data Security Standards

Sale of Affiliate-Owned Restaurants

We may franchise existing Sizzler® Restaurants owned and operated by our affiliates As described in further detail in Item 10, if you purchase an existing affiliate-owned restaurant, the affiliate may offer you financing in connection with the purchase of its Restaurant and will either assign its existing lease for the Restaurant premises to you, or you will sublease the premises from the affiliate If you sublease the premises, you must sign a sublease agreement (Exhibit F)

ITEM 2
BUSINESS EXPERIENCE

Forbes Collins (Chief Operating Officer)

Mr Collins has served as our Chief Operating Officer since May 2019 In that capacity he has management responsibility relating to the operation of Sizzler® franchises Mr Collins served as the Vice President of Operations for SUSAR from March 2012 until May 2019, the Senior Director of Operations for SUSAR from November 2008 until March 2012, and from February 2007 to November 2008, Mr Collins was SUSAR's Director of Operations

Kevin Perkins (Director)

Mr Perkins has served as a Director since September 2005 Also since September 2005, Mr Perkins has held various positions with some of our affiliated entities including WRC, Sizzler USA, Inc , Sizzler USA Real Property, Inc , Sizzler USA Restaurants, Inc , and Sizzler USA Finance Inc He has also served as Director of Acquisition since June 2011, and as CEO of Collins Food Holdings Pty Ltd ("Collins") in Queensland, Australia since April 2005 Mr Perkins became Executive Director of Collins in March 2015

Christopher Perkins (Chief Services Officer)

Mr Perkins was appointed to serve as our Chief Services Officer in May 2019 In that capacity he has management responsibility relating to all non-operational aspects of Sizzler franchises Mr Perkins also serves as an officer and director of various of our affiliated entities including Sizzler USA Acquisition, Inc , WRC, Sizzler USA, Inc , Sizzler USA Real Property, Inc , Sizzler USA Restaurants, Inc , Sizzler USA Holdings, Inc , and Sizzler USA Finance, Inc Mr Perkins was Director of the Bud Light division of Anheuser Busch ("AB") in New York, New York from September 2018 until January 2019, Global Director of the Budweiser division from August 2016 until September 2018, and Global Manager of AB's Connection (Sports) division from June 2014 until July 2016

Donald Henry (Vice President of Purchasing and Distribution)

Mr Henry has served as our Vice President of Purchasing and Distribution since March 2013

Kristina Van Bruggen (Vice President of Marketing)

Ms Van Bruggen has served as our Vice President of Marketing since October 2014 From 1998 until 2014 she was Vice President – Group Account Director for Tracy Locke Advertising in Dallas, Texas
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ITEM 3
LITIGATION

Pending Litigation

None

Concluded Litigation

Ohannes (John) and Aziza Georgian v Sizzler USA Franchise, Inc Braun Family LLC and DOES 1 – 500, (Los Angeles, California Superior Court, Case No YC068363, filed December 20, 2012) The Georgians are franchisees who owned two Sizzler restaurants Braun Family, LLC was the landlord for one of the Georgians' restaurants The sublease for one of their restaurants was set to expire in June 2013 and had no further renewal rights We gave them notice that the sublease would not be renewed because the primary landlord would not permit them to occupy the premises due to manner in which the restaurant premises had been maintained (or not maintained) As a result of the expiration/non-renewal of the sublease and franchise agreement, the Georgians brought suit alleging 1) racial discrimination, 2) intentional interference with economic advantage, 3) intentional infliction of emotional distress, 4) breach of contract, 5) breach of the covenant of good faith and fair dealing, and 6) unfair competition and business practices The Georgians sought compensatory and consequential damages (in unspecified amounts), restitution, injunctive relief against terminating the franchise agreement, and attorneys' fees, costs and disbursements We filed a cross complaint against the Georgians alleging breach of contract and asking for declaratory relief The parties entered into a Settlement Agreement as of January 7, 2015 pursuant to which all claims were released and the action was dismissed The settlement included our paying $45,000 to the Georgians and attorneys' fees of $35,000 As of the date of this Franchise Disclosure Document, the Georgians have closed their restaurant

Forbco Management Corporation v Sizzler USA Franchise, Inc , (Superior Court of California, West District of California, Case No CV- 07- 1457 – ER (PLAx), filed April 9, 2009) Forbco Management Corporation, Forbco Sizzler Partners, LP, L&G, Restaurants, LLC, Sizzler Family Steakhouse #621 and W&J Higgins Investments, LLC, (collectively, the "Franchisees") were franchisees of Sizzler Franchisees brought contract and tort claims against Sizzler on April 9, 2009, arising out of Sizzler's supposed exclusion of these franchisees participating in the local advertising cooperative established for the Southern California region Franchisees sought damages for an alleged breach of an agreement governing their purchase of six restaurants in 2004, as well as the later alleged breach of a 2007 agreement permitting the sale of those restaurants in exchange for Franchisees' promise to remodel their remaining locations ("Remodeling Agreement") Franchisees also sought declaratory relief regarding the enforceability of the Remodeling Agreement, the meaning of certain terms in the Franchise Agreements, and the applicability of a so-called forbearance agreement they purportedly entered into with Sizzler Franchisees sought damages in excess of $5,000,000

Sizzler asserted several claims in a cross-complaint against the Franchisees and the guarantors for the obligations of the Franchisees Specifically, Sizzler sought nearly $900,000 in past due royalty and other payments from the Franchisees and nearly $200,000 in past due amounts under two promissory notes executed by L&G Restaurants, LLC and $1,435,000 from Ron Higgins, L&G Restaurants, LLC and W&J Higgins Investments, LLC under the Remodeling Agreement On April 30, 2010, Sizzler and Franchisees entered into a conditional settlement agreement (the "Settlement") The Settlement disposed of all claims by Sizzler and Franchisees, subject to Sizzler obtaining a release from the Ad Co-op for an estimated $236,817 in membership dues owed by Franchisees to the Ad Co-op which Sizzler obtained The franchisees dismissed the lawsuit with prejudice on September 24, 2010

Carnegie Management Group, LLC, et al v Sizzler USA Franchise Inc (U S District Court for the Central District of California, Case No CV09-4366 GHK) On June 17, 2009, Carnegie Management Group, LLC, N Y Sizzler Restaurant Corp , Waroge Met Ltd , Sunrise Quality Food, Inc , Harpaul Restaurant Corporation, and Hillside Restaurant Corporation, each a "Sizzler" franchisee in New York City, filed a lawsuit against Sizzler, seeking compensatory and consequential damages and attorneys' fees The plaintiffs alleged that Sizzler failed to timely provide a franchise disclosure document in violation of the California Franchise Investment Law, breached their franchise agreements by not providing ongoing training, updating the manuals, maintaining uniform and consistent appearance and menus at all "Sizzler" locations, failing to assist with marketing and advertising in the New York market or to establish a regional purchase/distribution program to increase volume buying power, and allowing the sale of unauthorized products

The franchisees dismissed the lawsuit on August 4, 2009, without prejudice and the parties mediated their disagreements on September 21, 2009, resulting in final settlement agreements on October 23, 2009, with all the franchisees except Hillside Restaurant Corporation The settlement included an exchange of mutual releases, Sizzler's forgiveness of their outstanding debt and reimbursement of half of their legal fees, and the following specific terms for each franchisee

For Carnegie Management Group, the personal guaranty of the principal was released, Sizzler paid the franchisee $25,000, and the franchisee agreed to surrender its restaurant and terminate the franchise agreement

For N Y Sizzler Restaurant Corp , the franchisee agreed to close its restaurant and terminate its franchise agreement, and Sizzler agreed to (i) refund the initial franchise fee and $80,000 in royalty payments, (ii) advance one year of the franchisee's principal's salary, (iii) waive the remaining national marketing funds, (iv) pay $50,000 towards de-identification of the restaurant, (v) not open a competing "Sizzler" restaurant within two miles of the restaurant location for two years , and (vi) assist the franchisee to source products

For Sunrise Quality Food, Inc , Sizzler agreed to pay the franchisee $50,000 and the franchisee agreed to close the restaurant by January 5, 2010 and terminate the franchise agreement

For Harpaul Restaurant Corporation, Sizzler consented to a transfer of the restaurant to Waroge Met Ltd and termination of the franchise agreement For Waroge Met Ltd , Sizzler agreed to (i) pay the franchisee $150,000, (ii) waive national marketing funds for five years, (iii) assist the franchisee in product sourcing, (iv) waive the initial franchise fee for a transfer by Harpaul Restaurant Corporation to the franchisee, and (v) grant the franchisee a two year option to terminate its franchise agreement

Except for the three actions described above, no litigation is required to be disclosed in this Item

ITEM 4
BANKRUPTCY

No bankruptcy information is required to be disclosed in this Item

ITEM 5
INITIAL FEES

The following is a description of our standard initial fees

1 Initial Franchise Fee You pay an Initial Franchise Fee of $35,000 when you sign a Franchise Agreement, although we will reduce the amount of this fee if you commit to open more than five restaurants in accordance with an Area Development Agreement (as described in the following paragraph) The Initial Franchise Fee is a lump sum payment, fully earned upon receipt, and is not refundable We will use the Initial Franchise Fee in part to cover the direct and indirect costs associated with you purchasing and opening a Restaurant including training, manuals, opening assistance, legal fees and general overhead During our last fiscal year, we received from franchisees a range of $17,500 to $35,000 for the Initial Franchise Fees Those franchisees who paid less than $35,000 for an Initial Franchise Fee during our last fiscal year signed area development or other agreements with differing franchise fee

requirements or had other special considerations Except as described above, the Initial Franchise Fee is uniform for all new franchisees

2 Hourly Training Team Expenses If this is your first Sizzler® restaurant, you will reimburse us for the travel expenses and prorated salaries for the Hourly Training Team members who assist in the training of your hourly employees These expenses are non-refundable and will total between approximately $43,000 and $55,000, of which $8,000 to $10,000 is attributable to lodging expenses You will receive an invoice for the Hourly Training Team's travel expenses and prorated salaries within 30 days after the opening of your Restaurant Payment is due to us within 30 days after receipt of the invoice You will pay lodging expenses to various third-party vendors directly as they are incurred You may not be required to pay us for Hourly Team Training Expenses for Sizzler® restaurants beyond your first, so long as you have in place (and use) your own certified trainers to train your hourly staff for subsequent restaurants consistent with our standards Even in this instance, you should anticipate spending between $43,000 and $55,000 to complete the necessary hourly staff training Until you have a sufficient number of certified trainers on staff, a portion of this overall expense may be payable to us with the remainder payable to your own employees (i e , certified trainers)

3 Fees Payable Under Area Development Agreements If you sign an Area Development Agreement, you must develop a minimum of two Franchised Restaurants within the Development Territory You will pay a non-refundable Initial Franchise Fee for each Restaurant you develop, as follows

Number of Restaurants You Commit to Develop in Accordance with an Area Development Agreement	Amount of Initial Franchise Fee Per Store
1 – 5	$35,000
6 – 10	$25,000
11 +	$17,500

As noted above, you will pay an Initial Franchise Fee for each Restaurant equal to $35,000, except that if you commit to open more than 6 Restaurants under an Area Development Agreement, you will pay an Initial Franchise Fee equal to $25,000 per Restaurant (for Restaurants 6 through 10), and an Initial Franchise Fee equal to $17,500 per Restaurant (for Restaurants 11 and beyond)

In addition, upon signing the Area Development Agreement, you pay a lump sum Development Fee equal to $5,000 for each Franchised Restaurant to be opened under the Area Development Agreement, plus the Initial Franchise Fee for your first Restaurant The Development Fee is in addition to, and will not be credited toward, the Initial Franchise Fee for each Restaurant you develop You pay the balance of the Initial Franchise Fee for each Restaurant at the time you sign the Franchise Agreement for each such Restaurant

For example, if you acquire rights to develop 8 Restaurants, you must submit to us an amount of $75,000 at the time you sign the Area Development Agreement (i e , $35,000 Initial Franchise Fee [for the first Restaurant] + $40,000 Development Fee [$5,000 * 8 Restaurants] = $75,000) You also must pay the applicable Initial Franchise Fee for Restaurants 2 through 8 at the time you sign the Franchise Agreement for each such restaurant In this example, the Initial Franchise Fee for the remaining restaurants, which you will pay to us in full at the time you sign the Franchise Agreement for each such restaurant, is as follows Restaurant 2

($35,000), Restaurant 3 ($35,000), Restaurant 4 ($35,000), Restauiant 5 ($35,000), Restauiant 6 ($25,000), Restauiant 7 ($25,000), and Restaurant 8 ($25,000)

Duiing our last fiscal yeai, we did not ieceive any monies towaid the Development Fee desciibed in this Item 5 The Development Fee is non-refundable and is deemed earned by us upon our receipt in consideiation for granting development rights to you for a specific geographic area

4 Affiliate-Owned Restauiants In addition to the Initial Fianchise Fee desciibed above, and regardless of whether you are opening a single Restaurant or multiple Restaurants, if you purchase an existing affiliate-owned Restauiant your initial investment will consist of the purchase piice we and you negotiate, as ieflected in the asset puichase agreement that you and we will execute Attached as Exhibit G is our form asset purchase agieement and all ielated exhibits, including our foim promissory note and security agieement The total purchase price is subject to negotiation based on the going-concern value of the existing Restaurant and will depend on the particular facts and circumstances conceining the Restaurant, including its location, teim of lease, the condition of the piemises, its opeiating history, if any, profit margin and volume, and the condition of the personal property, as applicable

5 Distressed or Closed Restaurants If you acquire rights to a distressed Restauiant or closed Restaurant, we may waive or rebate to you all oi a portion of your Development Fee, Initial Fianchise Fee or other fees that we specify (including, possibly, the Royalty Fee) We will determine whether to waive, rebate or reduce such fees in our sole business judgment based upon vaiious factois, including condition of the Restauiant, your expeiience and abilities, and market conditions

ITEM 6
OTHER FEES

Type of Fee (Note 1)	Amount	Due Date	Remarks
Royalty Fee (Note 2)	4% of Gross Sales	Within 30 days following the preceding Reporting Period (Note 4)	See Note 3 foi definition of Gross Sales We ieserve the right to change the timing and method of payment
Production and Marketing Fund Fee (the "PMF Fee") (Note 5)	Currently, 0 50% of Gross Sales	Same as Royalty Fee (Note 4)	We may increase this fee annually, to an amount not to exceed 3% of Giross Sales, provided that we will not inciease the contiibution by more than ½% pei yeai
Giand Opening Advertising/Maiketing	$12,500	Spent between 45 days befoie and 45 days aftei opening your Restauiant	You must also perform a giand opening if you relocate the Restaurant oi ieopen the Restauiant after having it closed foi 30 days or more These funds are paid to third party vendois

Advertising Co-op contributions (Note 6)	As determined by each Advertising Co-op Region, but not less than 3% of Gross Sales or more than 5% of Gross Sales	Same as Royalty Fee	Any amount you are required to contribute to the co-op will be credited against the sums you are required to spend on local advertising If we increase the Production and Marketing Fund Fee, or impose a National Fund contribution, this minimum 3% Advertising Co-op contribution will be reduced by the amount of the increase in the Production Marketing Fund Fee and National Fund contribution, as applicable Certain franchisees that executed prior versions of our franchise agreement are not required to make co-op advertisings contributions
National Marketing Fund ("National Fund") Fee (Note 7)	Up to 2% of total monthly Gross Sales	Same as Royalty Fee (if established)	You currently do not pay the National Fund Fee as we have not yet established a National Fund However, we reserve the right to establish a National Marketing Fund to which all franchisees must contribute in an amount not to exceed 2% of each franchisee's total monthly Gross Sales Any amount you are required to contribute to the National Fund will be credited against the sums you are required to spend on co-op contributions and local advertising
Local Advertising	3% of Gross Sales	Ongoing monthly, as incurred	We may increase by 1% after 5 years

Audits	Cost of audit plus interest at the maximum rate allowable by law (not to exceed 1½% per month)	Immediately upon receipt of bill	You pay for cost of audit only if it shows an understatement of your Gross Sales, Royalty Fee, PMF Fee, National Fund Fee, or other required payments by 1 25% or more from data reported to us
Transfer Fee	$7,500	Upon application for consent to transfer	You must pay a $7,500 transfer fee at the time you submit the transfer application We will refund the $7,500 less our costs and expenses (including our time) if the transfer is not completed If the transfer proceeds, the entire $7,500 transfer fee becomes nonrefundable at that time
Computer Hardware Maintenance Fee	An amount equal to the then-current charges for any computer hardware maintenance that we require or, if we do not require it, that you elect for your computer system	As arranged	Currently not required, if established, the Computer Hardware Maintenance Fee is payable to us or vendor of the hardware, as applicable, for maintenance services
Proprietary Software Support Fee	An amount equal to the then-current charges for any proprietary software support that we require	Same as Royalty Fee (if established), unless we otherwise direct	Currently not required, payable only if we provide support services for proprietary computer software
Remodeling (Note 8)	$100,000 to $500,000	As remodeling occurs, but not more than once every five years	Remodeling does not include general maintenance and routine maintenance, but may include painting, replacing worn carpet, replacing worn furniture, and general refreshing if necessary to satisfy our then-current standards at the time of remodel
Renewal Fee (Note 9)	$7,500	30 days prior to the end of the expiring term	
Late Fee	$150 for each delinquent report or payment	Automatically upon next Electronic Transfer of Funds	

Additional Training and Assistance Fee (Note 10)	Estimated at $1,000 per day, variable	Immediately upon receipt of bill	We provide initial training at no cost For opening assistance or additional training, you will pay our trainers' expenses associated with providing you such training or assistance, including travel costs, accommodations, meals and non-salaried wages
Hourly Staff Certification Training	Our then-current Additional Training and Assistance Fee, which currently equals $1,000 per day per person plus expenses	Before training	90 days after you open the Restaurant for business, we will provide you with Hourly Staff Certification Training free of charge after which you will train your own hourly employees If you require additional Hourly Staff Certification Training (i e, you hire new employees and do not have a manager on staff who has passed the Hourly Staff Certification Training, or if you fail to provide your employees with Hourly Staff Certification Training for whatever reason), you will pay the then-current Additional Training and Assistance Fee and we will provide the Certified Training to you and/or your employees (as necessary)
Insurance (Note 11)	Annual premiums are estimated at $15,000 to $25,000	When premiums are due	
Site Evaluation Modeling Fee (Note 12)	An amount equal to the then-current charges for any site evaluation modeling process or software that we may require	As arranged	We do not currently require you to use specific software or processes to select the site for your Restaurant, but we reserve the right

			to do so upon written notice to you If we require, you must pay the Site Evaluation Modeling Fee to the vendor of software program, which may be us or an affiliate
Trendsource Fee (Note 13)	Approximately $50 per month, per restaurant (Note 14)	Upon receipt of bill from us or vendor	Currently, we pay the Trendsource Fee directly to the vendor, however, we reserve the right to either to collect up to the full amount of the Trendsource Fee from you or require you to pay the vendor directly (up to the full amount of the Trendource Fee) for all services related to your Restaurant(s)
Everclean Service Fee (Note 13)	$150 per visit	Upon receipt of bill from us or vendor	Currently, we pay the Everclean Service Fee directly to the vendor, however, we reserve the right to collect up to the full amount of the Everclean Service Fee from you or require you to pay the vendor directly (up to the full amount of the Everclean Service Fee) for all services related to your Restaurant(s)
Liquidated Damages	Varies	Payable if you violate non-solicitation covenant in the Franchise Agreement or within 30 days of the termination of the Area Development Agreement, whichever is applicable	See Note 14
Private Offer of Securities	The greater of (a) $12,500 or (b) our costs and expenses associated with reviewing the proposed offer	Before the Private Offering	Payable only if the securities, partnership or other ownership interests in a Franchisee or Area Developer are offered through a private offering No securities, partnership

			or other ownership interests in a Franchisee or Area Developer may be offered through a public offering of securities
Default Reimbursement	Our costs and expenses arising from your default	Within 5 days after you cure your default	Payable only if you default
Extension Fee (Note 15)	Variable, an amount equal to the average daily Royalty Fee and PMF Fee paid by all restaurants operating during the preceding fiscal year	Same as Royalty Fee	Payable only if you request, and we decide to grant to you, an extension on your opening date

Notes

(1) All fees are payable to us and are uniformly imposed, unless otherwise noted All fees are non-refundable unless otherwise noted with respect to the transfer fee deposit discussed in this Item 6

(2) The Royalty Fee for the initial term of the Franchise Agreement will be an amount equal to 4% of Gross Sales The amount of the Royalty Fee for any renewal term will be that provided in the franchise agreement executed for such renewal term

(3) Gross Sales includes the total revenues and receipts from the sale of all products, services and merchandise sold in your Restaurant, including any vending or similar activities in your Restaurant or on its premises as well as all use or license fees Gross Sales does not include sales tax

(4) You must compute all amounts due and owing to us every 4 weeks (on the specific day of the week we designate in the Manual or otherwise in writing) for the immediately preceding 4-week period ("Reporting Period"), and remit the amounts due to us within 30 days following the applicable Reporting Period We reserve the right to collect the ongoing fees by means of electronic funds transfer If you fail to pay the fee when due, the amount due will bear interest at the highest applicable legal rate up to a maximum of 1½% per month from the date due

(5) The PMF Fee is paid to us for deposit in the Production and Marketing Fund, which will help fund broadcast production for Sizzler USA commercials, new menu research and production, gift card production, in-store and external promotional and merchandising, Extra-net production, Web site production and maintenance, System-wide public relations efforts, local store marketing, creative and Trendsource coupon production, all as we direct from time to time The expenses for local advertising must be paid by you directly to the vendors We reserve the right to increase the PMF Fee upon 60 days written notice to you, provided, however, that the PMF Fee will not exceed 3% for the initial term of your Franchise Agreement Existing franchisees may pay PMF Fees at varying rates If you are signing your Franchise Agreement under an existing Area Development Agreement, which differs from our current form, your PMF Fee will be modified if, and as required by, your Area Development Agreement As noted above, the PMF currently pays for gift cards that you are required to sell and redeem at your Restaurant We reserve the right to require you to pay the Gift Card vendor directly for all cards sold and redeemed by you at your Restaurant

(6) We may designate a local advertising market and require you to contribute to, and participate in, an advertising cooperative for a particular region Each Restaurant, including our company and

affiliate-owned (excluding Special Sites, if any, which are defined in Item 12), will be a member of the advertising cooperative Each Restaurant will have one vote per Restaurant The contribution amount designated by the cooperative must be on a percentage of Gross Sales basis and per Restaurant, and must be at least 3%

(7) If established, you must contribute to the National Fund The National Fund (if established) primarily will be used for advertising and marketing on a national or regional basis

(8) You pay remodeling costs directly to approved third party vendors or contractors Further, you may incur remodeling costs if we require, in our sole business judgment, that you establish an order kiosk on the premises of your Restaurant If, in the future, we require you to establish and use an order kiosk on the premises of your Restaurant, we will provide you with written notice of the requirement and at least 90 days to establish the order kiosk

(9) Six months before the end of the term of your Franchise Agreement, if you want to renew the term of your Franchise Agreement, you must have complied with your remodeling obligations and, in addition, you must perform any further items of modernization and/or replacement of the building, premises, trade dress, equipment and grounds as may be necessary for your Restaurant to conform to the standards then applicable to new SIZZLER® restaurants, regardless of the cost of such modernizations and/or replacements, unless we determine that you should relocate your Restaurant because your Authorized Location no longer meets our then-current site criteria, in which case you must relocate the Restaurant (Sections 4 B, 5 D and 5 E of the Franchise Agreement)

(10) If we schedule your pre-opening on-site training and the Restaurant is not ready for opening as scheduled, resulting in a delay to the scheduled opening date, you are responsible for the costs to change/adjust travel and lodging arrangements, potential lost wages, and/or additional time for our representatives in connection with the delay and all other related expenses

(11) This estimate includes all risk coverage, business interruption insurance, comprehensive general liability insurance, liquor liability coverage, automobile liability and other forms of required insurance You pay insurance premiums directly to third party insurers You must deliver to us at commencement and thereafter annually or at our request a proper certificate evidencing the existence of the required insurance coverage

(12) You must pay for any required evaluation, and we will always receive and retain a copy of the results from the vendor

(13) We have the right to evaluate the operation of your Restaurant at any time, including, but not limited to, conducting customer satisfaction surveys and food safety evaluations through outside vendors such as Trendsource and Everclean Trendsource conducts customer surveys to measure the satisfaction of your Restaurant patrons, while Everclean conducts food safety evaluations

(14) If you violate the Interference with Employment Relations provision in the Franchise Agreement, you must pay liquidated damages to us (or the harmed party) an amount equal to 2 times the annual compensation that the person being hired away was receiving at the time you offered him/her employment If we terminate the Area Development Agreement due to your default, you must pay to us, within 30 days of such termination, all sums owing to us, including the balance of the Initial Franchise Fees that we would have received had you developed all of the Restaurants as stated in the Development Schedule In addition to the Initial Franchise Fees for undeveloped Restaurants, you must pay an amount equal to $50,000 for each undeveloped Restaurant

(15) If you fail to open your Restaurant in accordance with the terms of your Franchise Agreement, you may request an extension to your opening date It is our right, but not our obligation, to grant you an extension If we grant an extension, you must pay estimated Royalty Fee and PMF Fees from

the date you were scheduled to open, according to your Franchise Agreement or Area Development Agreement The estimated fees will be based on the average gross sales of all franchised Restaurants in the system during the preceding fiscal year period

ITEM 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Type Of Expenditure	Amount (Free Standing Locations) (1)	Amount (Non-Free Standing Locations)	Method Of Payment	When Due	To Whom Payment Is To Be Made
Hard Costs Related to Construction					
Free Standing Building Improvements/Non-Free Standing Leasehold Improvements (2)	\$825,000-\$1,200,000 (not including land)	\$200,000-\$850,000 (3)	As Arranged	As Arranged	Approved Contractors
Furniture, Fixtures and Equipment (4)	\$496,000-\$549,000	\$496,000-\$549,000 (3)	As Arranged	As Arranged	Approved Suppliers
Signage	\$ 30,000-\$ 45,000	\$ 30,000 – \$45,000 (3)	As Incurred	As Incurred	Approved Suppliers
Computer POS System	\$ 20,000-\$ 30,000	\$ 20,000 – \$ 30,000 (3)	As Incurred	As Incurred	Approved Suppliers
Subtotal of Hard Costs Related to Construction	\$1,371,000 - \$1,824,000	\$746,000 – \$1,474,000			
Other Expenditures					
Initial Franchise Fee (5)	\$ 35,000	\$ 35,000	Lump Sum	Upon Signing of Franchise Agreement	Us
Rent (6)	See Note 2	\$ 45,000 – \$ 60,000	As Arranged	As Arranged	Lessor
Lease & Utility Security Deposits (7)	\$ 27,500-\$ 55,000	\$ 27,500 – \$ 55,000	As Arranged	Before Opening	Lessor and Utility Companies
Fees Related to Site Approval and Construction of Your Restaurant (8)	\$25,000 - \$75,000	\$25,000 - \$75,000	As Incurred	As Incurred	Suppliers

Type Of Expenditure	Amount (Free Standing Locations) (1)	Amount (Non-Free Standing Locations)	Method Of Payment	When Due	To Whom Payment Is To Be Made
Initial Inventory (9)	$ 20,000- $ 25,000	$ 20,000– $ 25,000	Lump Sum	Upon Delivery of Inventory	Approved Suppliers
Insurance (10)	$ 3,750- $ 6,250	$ 3,750– $ 6,250	As Arranged	As Arranged	Insurance Company
Training (11)	$ 95,000- $ 100,000	$ 95,000- $ 100,000	As Incurred	As Incurred	Transportation Lines, Hotels, Restaurants
Reimbursement of Expenses for Hourly Training Team (12)	$ 43,000 - $ 55,000	$ 43,000 – $ 55,000	Due within 30 days of invoice	Due within 30 days of invoice	Us
Grand Opening Advertising/Marketing (13)	$ 12,500	$ 12,500	As Incurred	As Incurred	Media, Printers, Other Suppliers, Employees
Office Equipment and Supplies (14)	$5,000 - $10,000	$5,000 - $10,000	As Incurred	As Incurred	Approved Suppliers
Liquor License (15)	$ 2,000- $ 50,000	$ 2,000- $ 50,000	As Arranged	As Arranged	Appropriate State/Local Authorities or Third Party
Professional Fees	$20,000 - $70,000	$ 20,000 - $ 45,000	As Arranged	As Arranged	Your Attorneys, Financial Advisors, CPAs, and Other Professionals
Additional Funds (16) (3-month period)	$ 250,000- $ 290,000	$ 250,000- $ 290,000	As Incurred	As Incurred In First Three Months	Employees, Suppliers
Subtotal of Other	$538,750 - $783,750	$583,750 - $818,750			
TOTAL (17)	$1,909,750- $2,607,750 (not including land)	$1,329,750 - $2,292,750 (See Note 3)			

Notes

* Except where otherwise noted, we do not offer direct or indirect financing to franchisees for any items Except where otherwise noted, all amounts that you pay to us or our affiliates are nonrefundable Third party suppliers will decide if payments to them are refundable

(1) <u>Free Standing Locations</u> The minimum square footage for a free standing location generally is 5,500 or more square feet Accordingly, the ranges in the table for Free Standing Locations pertain only to

Restaurants ranging from approximately 5,500 to 6,000 square feet with a seating capacity of approximately 180 to 225 people

(2) Improvements The costs of construction and leasehold improvements depend upon the size and condition of the premises, the nature and extent of leasehold improvements required, the local cost of contract work and the location of your Restaurant The estimate includes your architectural and engineering fees

For free standing locations, the range includes an estimate for the cost of building the Restaurant's structure If you choose to build and own the Restaurant premises as a free standing location, the cost for your long-term real property investment obligations will be significantly higher and may range between $700,000 to $1,200,000 or more, depending on many independent variables like location and size of the site, site improvement costs, union/non-union labor regions, soil and environmental conditions, building and health codes and regulations and other factors This estimate does not include land cost Down payment requirements and initial financing or commitment expenses are negotiated individually and vary too widely to be predicted realistically

(3) Range of Expenses The low figure represents the low end estimate to establish a 5,500 square foot Restaurant, and the high figure represents the high end estimate to establish a Restaurant with 6,000 or more square feet

(4) Furniture, Fixtures and Equipment The manuals list the furniture, fixtures and equipment necessary for the operation of a Restaurant and include refrigerators, freezers, ovens, point-of-sale system requirements, tables, chairs and other equipment, furniture and fixtures The initial investment required will depend on financing terms available and other factors

(5) Initial Franchise Fee The amount included in the chart is for your first Restaurant If you commit to open more than 5 Restaurants in accordance with an Area Development Agreement, you will pay an Initial Franchise Fee equal to $25,000 per Restaurant for Restaurants 6 through 10, and an Initial Franchise Fee equal to $17,500 per Restaurant for Restaurants 11 and beyond In addition, if you sign an Area Development Agreement, you will pay to us the sum of $5,000 for each Restaurant you commit to develop (the "Development Fee") The Development Fee is in addition to, and will not be credited toward, the Initial Franchise Fee for each Restaurant you develop

(6) Rent If you do not own suitable space for your Restaurant, you must rent premises suitable for the operation of a Restaurant You typically will rent the premises for a non-free standing location The estimate is for your rent the first three months and does not include an estimate of monthly operating expenses The rental expense may vary widely based on geographic location, size of the facility, local rental rates and other factors

(7) Lease & Utility Security Deposits Landlords may require a security deposit and utility companies may require that you place a deposit prior to installing telephone, gas, electricity and related utility services A typical utility security deposit is one month's expense, but it may be less A typical lease deposit will be an amount equal to one month's rent These deposits may be refundable in accordance with the agreements made with the utility companies and landlord These estimates may be significantly higher in some jurisdictions

(8) Site Approval and Construction Fees We must accept the site selected by you Prior to granting our acceptance of a site, we may require you to evaluate the site with a specific software application, which may be available from only one specific vendor If required, you must have the site evaluated in the timeframe and manner as stated in the operations manual In addition, you may be required to pay a fee to access any specific software application You must use the services of a licensed architect and general contractor for the construction of the Restaurant, provided that both the architect and general contractor must meet our minimum standards (as stated in the Manuals)

prior to you engaging either or both in connection with the Restaurant In addition, if this is your first SIZZLER® Restaurant or if you or any of your affiliates have not met your obligations regarding the build out of any previous SIZZLER® Restaurant, we reserve the right to require you to retain the services of a company specialized in assisting restaurant operators during the construction process to assist you in submitting, processing, monitoring and obtaining in a timely manner all necessary construction documents, licenses and permits and to advise you throughout the construction of your Restaurant The costs associated with these services typically vary widely depending on the region and the amount of work and coordination needed to secure the appropriate permits and licenses

If this is your first SIZZLER® Restaurant or if you or any of your affiliates have failed to timely open any other SIZZLER® Restaurant, we reserve the right to require you to use a designated architect and/or general contractor If you are developing a second or subsequent restaurant and want to use a general contractor who is not on our list of approved suppliers, you may submit one for our qualification You, your affiliates and your Principal Owners or any person related to, or any entity controlled by any of your Principal Owners may not be your general contractor

(9) Initial Inventory Your initial inventory must be purchased from approved suppliers or, in accordance with our specifications Initial inventory consists of various food products, beverages, paper products, cleaning supplies and other supplies used in the operation of the Restaurant, as well as other merchandise or products sold by the Restaurant The initial inventory expenditure will vary according to anticipated sales volume and current market prices for supplies

(10) Insurance You must procure and maintain insurance coverage as stated in the Franchise Agreement The estimate is for approximately 25% of an annual premium and includes liquor liability coverage The balance of the annual premium is generally payable over a 9-month period The estimate also includes a non-refundable annual payment for umbrella liability coverage The cost of insurance will vary based on policy limits, type of policies procured, any lease requirements, nature and value of physical assets, number of employees, square footage, contents of the business, geographical location and other factors bearing on risk exposure

(11) Training You must make arrangements and pay the expenses for you, your Operating Principal (as defined in Item 15), the Unit General Manager and at least two assistant managers to attend our training program, including transportation, lodging, meals and wages The amount expended will depend, in part, on the distance you must travel and the type of accommodations you choose The estimate provided contemplates initial training of 5 people for 11 weeks These figures do not include management salaries while in training, but do include additional employment fees for employee advertising/recruitment and uniforms

In addition, if this is your first Restaurant, your Operating Principal must, at your expense, attend a pre-opening training class of approximately 5 days designed to expose your Operating Principal to the process of opening a new SIZZLER® Restaurant This training will be held at a SIZZLER® restaurant being opened, either by another franchisee or by one of our affiliates All expenses associated with this training will be paid by you

(12) Hourly Training Team Expenses If this is your first Sizzler® Restaurant, the Hourly Training Team will assist you with the on-site training of your hourly staff in restaurant operations You may not be required to pay us for Hourly Team Training Expenses for Sizzler® Restaurants beyond your first, so long as you have in place (and use) your own certified trainers to train your hourly staff for subsequent Restaurants consistent with our standards Even in this instance, you should anticipate spending between $43,000 and $55,000 to complete the necessary hourly staff training Until you have a sufficient number of certified trainers on staff, a portion of this overall expense may be payable to us with the remainder payable to your own employees (that is, your certified trainers)

(13) Grand Opening You must conduct your "grand opening" advertising and promotion according to our standards and specifications These amounts must be spent some time within 45 days prior and 45 days following the opening of your Restaurant, unless otherwise approved by us In addition, you must perform a grand opening every time that you (i) relocate the Restaurant or (ii) reopen the Restaurant after having closed for 30 days or more You must provide to us proof of these expenditures Although we do not currently do so, we reserve the right to collect and administer these funds on your behalf

(14) Office Equipment and Supplies Before beginning operations, you must purchase an assortment of office equipment and supplies as prescribed in the manuals Items include telephones and a facsimile machine

(15) Liquor License It is solely your responsibility to obtain and maintain a liquor license for your Restaurant The cost of a liquor license can be significantly higher in a few states where the number of licenses is severely restricted or available only from an existing holder You should retain legal counsel specialized in obtaining and maintaining liquor licenses

(16) Additional Funds This amount of working capital is projected as sufficient to cover initial operating expenses, including management salaries, for a period of 3 months These figures are estimates, and we cannot guarantee you will not have additional expenses starting the business Expenses not included are hourly labor costs, food and product costs and rent Your costs will depend on factors such as how closely you follow our recommended methods and procedures, your management skill, experience and business acumen, local economic conditions, the local market for our product, the prevailing wage rate, competition, and the sales level reached during the initial period At the time of opening you must have a minimum of $100,000 in immediately accessible working capital funds to be used solely to defray the costs of operating the restaurant for the initial months

(17) Total We have used our and our predecessors' experience in the business since 1968 to compile these estimates You should review these figures carefully with a business advisor before making any decision to purchase the franchise For determining your initial cash position, we require you to have a minimum liquidity of $750,000 with a $3 million net worth

You are cautioned to allow for inflation, discretionary expenditures, fluctuating interest rates and other costs of financing and local market conditions, which can be highly variable and can result in substantial, rapid and unpredictable increases in costs You must bear any deviation or escalation in costs from the estimates in this Item 7 or estimates that we give during any phase of the development process

ESTIMATED INITIAL INVESTMENT FOR AREA DEVELOPMENT AGREEMENT If you sign an Area Development Agreement, your initial investment for your first Restaurant will be the same as disclosed in the Item 7 chart You also will pay a one-time Development Fee as described in Item 5 This is the only additional initial investment for the Area Development Agreement The Initial Franchise Fee for each subsequent Restaurant is stated in Item 5 You also should be aware that your initial investment for your second and subsequent Restaurants likely will be higher than the above estimates for your first Restaurant due to inflation and other economic factors that may vary over time

ITEM 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

In order to insure a uniform image and uniform quality of products and services throughout the SIZZLER® system, you must maintain and comply with our quality standards We must accept the location of your Restaurant Unless you purchase an affiliate-owned Restaurant (in which case, you may be required to sublease the Restaurant premises from our affiliate), we have the right, but not the obligation, to review and to approve or disapprove any lease for the Restaurant premises You and the landlord must execute the form of Lease Addendum attached to the Franchise Agreement You must construct and equip your Restaurant in accordance with our then-current approved design, specifications and standards In addition, it is your responsibility to ensure that your building plans comply with the Americans with Disabilities Act and all other federal, state and local laws You also must use equipment (including hardware and software for a restaurant point-of-sale system), signage, fixtures, furnishings, products, ingredients, supplies and advertising materials that meet our specifications and standards

We provide you with a list of approved manufacturers, suppliers and distributors ("Approved Suppliers List") and approved inventory products (including both proprietary and non-proprietary products), fixtures, furniture, equipment, signs, stationery, supplies and other items or services necessary to operate the Restaurant ("Approved Supplies List") The Approved Supplies List may specify the specific manufacturer of a specific supply, product or piece of equipment Neither we nor our affiliates currently are approved suppliers of products or services related to the Restaurant, except that you may be required to sublease the Restaurant premises from our affiliate (if you purchase an existing affiliate-owed restaurant) We and our affiliates may be designated as approved suppliers for other products and services in the future In addition, from time to time we, an affiliate or a third party vendor or supplier may be the only approved supplier for certain products or services Although neither we nor any affiliate are sole approved suppliers of products or services as of the date of this Disclosure Document, we and they reserve the right to act as sole approved suppliers at any point in the future You will pay the then-current price in effect for all purchases you make from us or our affiliates The lists also may include other specific products without reference to a particular manufacturer, or they may state in the specifications and/or standards for other approved products We may revise the Approved Suppliers List and Approved Supplies List We give you the approved lists as we deem advisable None of our officers owns an interest in any approved supplier

You must notify us in writing if you want to offer for sale at the Restaurant any brand of product, or to use in the operation of the Restaurant any brand of food ingredient or other material, item or supply that is not then approved by us, or, except for products and services that are available from a single source of supply, if you want to purchase any product from a supplier that is not then designated by us as an approved supplier If requested by us, you must submit samples and other information as we require for testing or to otherwise determine whether the product, material or supply, or the proposed supplier meets our specifications and quality standards We generally will notify you of supplier approval or disapproval within 90 days of our receipt of all the information and samples we request You must pay all costs of the inspection and evaluation and the actual cost of the test The supplier also may be required to sign a supplier agreement that obligates the supplier to (i) periodically provide us free samples on request of any Non-Proprietary Product it intends to supply, (ii) faithfully comply with our specifications, and (iii) sell any product bearing our Marks only to our franchisees and only according to a Trademark License Agreement in form we provide (which may require payment of a royalty), and (iv) provide to us duplicate purchase invoices for our records and inspection We may re-inspect the facilities and products of any supplier of an approved supplier or item and revoke our approval of any supplier or item that fails to continue to meet any of our criteria We will send written notice of any revocation of an approved supplier or item

We apply the following general criteria in approving a proposed supplier 1) ability to provide services or to make product in conformity with our unique and special specifications, 2) willingness to protect the secrets behind the uniqueness of a product without dissemination to others, 3) production and delivery capability, 4) reputation and integrity of supplier, 5) financial condition and insurance coverage of the supplier, and 6) ability to provide the product and/or service, on a national basis, to at least 80% of the then existing SIZZLER® Restaurants

You must purchase and maintain in full force and effect, at your expense and from a company we accept, insurance that insures both you and us, our affiliates and any other persons we designate by name The insurance policy or policies shall be written in accordance with the standards and specifications (including minimum coverage amounts) as stated in writing by us from time to time, and, at a minimum, shall include the following (except as different coverages and policy limits may be specified for all franchisees from time to time in writing) (i) property insurance on the Restaurant, Restaurant improvements and all fixtures, equipment, supplies and other property used in the operation of the Restaurant, (ii) business interruption insurance that covers your loss of income and our Royalty Fees, (iii) comprehensive general liability insurance (which may include umbrella liability), covering, among other things, bodily injury or death of one or more persons, property damage or destruction, product liability and completed operation liability, fire legal liability, and broad form contractual liability (with specific indemnification language, if any, referenced in the Manuals), (iv) liquor liability insurance, and (v) workers' compensation and employer's liability insurance covering all of your employees In addition, the required liability insurance must (i) name us and our parents and affiliates (collectively, "SIZZLER Entities") as additional insureds, (ii) provide severability of interests and/or separation of insureds coverage, and (iii) be primary and non-contributory with any insurance policy carried by the SIZZLER Entities We may from time to time modify the required minimum limits and require additional insurance coverages by providing written notice to you, as conditions require, to reflect changes in relevant circumstances, industry standards, experiences in the SIZZLER system, standards of liability and higher damage awards Although we do not do so as of the date of this Disclosure Document, we reserve the right to designate a single source from which you must purchase or renew insurance

You must deliver to us at commencement and thereafter annually or at our request a proper certificate evidencing the existence of such insurance coverage and your compliance with the provisions of this subparagraph The insurance certificate must show your compliance with all required insurance specifications If you do not procure and maintain the required insurance coverage (including any modifications referenced in the preceding sentence), we have the right, but not the obligation, to procure insurance coverage and to charge the costs to you, together with a reasonable fee for the expenses we incur in doing so You must pay these amounts to us immediately upon written notice

Although not required, we recommend that you consider the following insurance coverage typically found in restaurant operations Employment Practices Liability, Food Contamination-Loss of Income, Food Contamination-Trade Name Restoration, Employee Benefit Liability, Employee Dishonesty, Flood, Earthquake, Back-up of Sewer & Drain Money & Securities, Interior & Exterior Glass, Machinery & Equipment Breakdown, and Utility Interruption-Loss of Income

Although we require certain insurance coverage and have recommended other coverages, we do not guarantee that the required or recommended insurance will be adequate to fully protect your assets You should therefore consult with an insurance professional to determine what coverage, in addition to the minimum required coverage, may be needed for you and your Restaurant

As of the date of this Disclosure Document, Stored Value Solutions is the only approved supplier for SIZZLER® gift cards, and you must sign a participation agreement at the time you sign the Franchise Agreement A copy of the participation agreement is attached to the Franchise Agreement as Appendix E

You may serve only Pepsi-Cola and Dr Pepper soft drink products in your Restaurant You may buy Pepsi-Cola and Dr Pepper soft drinks from any approved food service distributor Certain funds are paid by Pepsi-Cola Fountain Company, Inc and Dr Pepper/Seven Up, Inc directly to franchisees and our affiliates based upon purchases made by these franchised and affiliate-owned Restaurants These funds range from $0 70 to $2 10 per gallon (Dr Pepper) and from $0 10 to $1 40 per gallon (Pepsi-Cola) Some of these funds are used for general and in-store advertising and promotions throughout the System and franchise conventions and meetings We also have a program with Compass/Foodbuy where franchisees and our affiliates receive rebates based on purchases of certain products purchased from Compass/Foodbuy, with those amounts totaling less than $1,000 per year annually per restaurant

Except for the above-required purchases, you are not required to purchase or lease any other goods or services for the operation of the Restaurant from us, our affiliates or from designated sources

We and our affiliates reserve the right to receive payments or other consideration from suppliers in connection with your purchase of goods, products and services as described in this Item 8, as well as in connection with any future purchase of any goods, products or services Most of these payments are calculated on an amount based on products sold to you and to our affiliate-owned restaurants We have the right to retain and use such payments as we deem appropriate or as required by the vendor or by manufacturers During our last fiscal year, neither we nor our affiliates received rebates or other material consideration from suppliers due to franchisee purchases

We also have negotiated certain national, regional and local purchasing arrangements with suppliers of food products and equipment We negotiate purchasing arrangements to obtain lower net prices for both franchisees and company-owned Restaurants than we would be able to obtain separately from these suppliers We do not provide material benefits to you (for example, renewal or granting additional franchises) based on your purchase of particular products or services or use of particular suppliers

In addition, if you are purchasing an existing affiliate-owned Restaurant, you will enter into an Asset Purchase Agreement similar to the form attached as Exhibit M and you will assume other obligations under existing third party contracts for services and products used in the Restaurant You will either assume the lease for the Restaurant premises or enter into a Sublease Agreement (see Exhibit F), and in accordance with a sublease agreement you will sublet the premises (which may or may not include equipment) of the Restaurant from the affiliate If you lease or sublease the premises from our affiliates, our affiliate will derive revenue from such lease or sublease During the fiscal year ended April 28, 2019, our affiliates received approximately $1,140,819.14 from subleasing premises for Restaurants to franchisees (which was paid by our affiliates to the primary landlords and not included in their revenues) We do not provide you with any type of accounting or report on these amounts or their uses

We estimate that purchases of products and services under our requirements, including purchases of proprietary and selected products and services, purchases of products and services that meet our standards and specifications and purchases from designated or approved suppliers will range from 85% to 90% of your initial investment and approximately 30% to 40% of your ongoing expenses of operating your Sizzler® Restaurant

We do not currently participate in any purchasing or distribution cooperatives, but reserve the right to do so in the future As noted above, we may negotiate purchase arrangements with suppliers, including price terms, for the benefit of our franchisees but not on behalf of individual franchisees We do not provide material benefits (for example, renewal or granting additional franchises) to you based on your purchase of particular products or services or use of particular suppliers

ITEM 9
FRANCHISEE'S OBLIGATIONS

This table lists your principal obligations under the franchise and other agreements It will help you find more detailed information about your obligations in these agreements and in other Items of this Disclosure Document

	Obligation	Section in Agreement*	Disclosure Document Item

	Obligation	Section in Agreement*	Disclosure Document Item
a	Site selection and acquisition/lease	Sections 2 A and 5 A, Section 4 of the Area Development Agreement, Section 8 of Area Development Agreement Addendum	Items 7 and 11
b	Pre-opening purchases/leases	Sections 5 A, 5 F and 6 C	Items 5, 6, 7 and 8
c	Site development and other pre-opening requirements	Sections 5 A and 5 B, Sections 2 and 4 of the Area Development Agreement	Items 7, 8 and 11
d	Initial and ongoing training	Sections 7 B and 7 C, Sections 5 and 6 of Area Development Agreement Addendum	Items 5, 6 and 11
e	Opening	Sections 2 C and 5 A, Section 4 of the Area Development Agreement	Items 5 and 11
f	Fees	Sections 9 A-C, Section 3 of the Area Development Agreement, Sections 1 and 2 of Area Development Agreement Addendum	Items 5, 6 and 7
g	Compliance with standards and policies/Operations Manual	Sections 6 A-P, Sections 4 and 6 A of the Area Development Agreement	Items 6, 7, 8, 11, 14 and 16
h	Trademarks and proprietary information	Sections 3 A-E and 6 J, Section 6 B of the Area Development Agreement	Items 13 and 14
i	Restrictions on products/services offered	Sections 2 D and 2 E	Items 6, 7, 8, 11, and 16
j	Warranty and customer services requirements	Sections 2 E and 6 L	Items 6 and 11
k	Territorial development and sales quotas	Sections 2 B and 2 D, Section 4 and Schedule B of the Area Development Agreement	Item 12
l	Ongoing product/service purchases	Sections 6 A-C	Items 6, 7 and 8
m	Maintenance, appearance and remodeling requirements	Sections 5 B-E	Items 8 and 11
n	Insurance	Section 10 D	Items 6, 7 and 8
o	Advertising	Sections 8 A-F and 9C	Items 6, 7 and 11
p	Indemnification	Section 10 B	None
q	Owner's participation/ management/staffing	Sections 7 A-E, Sections 5 and 6 of Area Development Agreement Addendum	Items 11 and 15
r	Records/reports	Sections 9 D, 9 G and 9 H	Item 11
s	Inspections/audits	Sections 5 C, 6 G and 9 H	Items 6 and 11
t	Transfer	Sections 11 A-G, Section 9 of the Area Development Agreement	Items 6 and 17
u	Renewal	Sections 4 A-B	Items 6 and 17

	Obligation	Section in Agreement*	Disclosure Document Item
v	Post-termination obligations	Sections 14 A-C, Section 8 A-F of the Area Development Agreement	Item 17
w	Non-competition covenants	Section 10 D	Item 17
x	Dispute resolution	Sections 12 A and 12 B, Sections 10 G and M of the Area Development Agreement	Item 17
y	Other	Not Applicable	Not Applicable

*Unless otherwise noted, Section references are to the Franchise Agreement

ITEM 10
FINANCING

If you purchase an affiliate-owned Restaurant, the affiliate will either assign its lease for the Restaurant premises to you or sublease the premises to you in accordance with a sublease agreement generally in the form attached as Exhibit F Prices, terms and collateral requirements will vary from site to site and are determined by the prevailing rates in the area of the site at the time but, generally, the sublease for the premises will be for a period equal to the term of your Franchise Agreement Our affiliates ordinarily do not require a guarantee of the lease, or sublease from anyone other than the franchisee or the franchisee principal(s)

There are certain waivers of defenses or similar provisions in the form of sublease that you should carefully review with your attorney and financial advisors Specifically, under the form Sublease attached as Exhibit F, you waive any (i) right of set-off or counterclaim against rents (Section 5 B 1), (ii) rights not waived in the Sublease that the master lease waives (Section 2), (iii) claim based upon warranties as to the merchantability or fitness of the subleased premises for any particular purpose (Section 3), (iv) claims against the sublandlord arising from personal injury or property damage, from any cause, arising by reason of your use and occupation of the subleased premises (Section 12), (v) right of subrogation against the sublandlord for insured risks (Section 13), and (vi) all rights of redemption or reinstatement granted by any present or future laws in the event of eviction or other dispossession of the subleased premises (Section 17 W)

The agreements detailed above contain "cross-default" provisions, meaning that a breach of one agreement (or of the Franchise Agreement and related guaranties) is a breach of the others As a result, if one agreement is terminated for any reason, we have the right to terminate the other agreement

Except as described above, neither we nor our affiliates offer, either directly or indirectly, any financing to you We are unable to estimate whether you will be able to obtain financing for any or all of your investment and, if so, the terms of such financing Neither we nor any affiliate receives payment for the placing of financing We do not have any present practice or intent to assign to a third party any instrument executed by you We do not guarantee your notes, leases or other obligations

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

Except as listed below, Sizzler USA Franchise, Inc is not required to provide you with any assistance

<u>Pre-Opening Assistance</u> Before you open your Restaurant, we will

1 Provide you with site selection criteria and general building and design requirements for your Restaurant (Franchise Agreement, Sections 5 A and B)

2 Provide access to any proprietary site evaluator software or method used for selecting the site of your Restaurant, should we require your use of any such software or method (Franchise Agreement, Section 5 A)

3 Provide you with either a written copy or an electronic copy of the manuals (or electronic access to the manuals) that detail the specifications and procedures incidental to the operation of the Restaurant (Franchise Agreement, Section 6 I)

4 Approve all new restaurant opening promotional materials and advertising to be used by you that comply with our then-current standards (Franchise Agreement, Sections 8 B and F)

5 Provide the training programs described below (Franchise Agreement, Sections 7 B and C)

Ongoing Assistance During the operation of your Restaurant, we will

1 Maintain the Production and Marketing Fund and, if established, the National Advertising Fund (Franchise Agreement, Section 8 A)

2 Provide updates to the Approved Suppliers and Approved Supplies Lists (Franchise Agreement, Section 7 C)

3 Make periodic visits to your Restaurant as we reasonably determine to be necessary to provide consultation and guidance We have the right to require that your Operating Principal be present during these visits Our representatives who visit your Restaurant will prepare written reports outlining any suggested changes or improvements in the operation of your Restaurant or detailing any defaults which become evident We will give a copy of this written report to you We shall advise you of any problems arising out of the operation of your Restaurant as disclosed by the report or by our inspection (Franchise Agreement, Section 6 G)

4 Provide refresher training courses as we determine necessary and require you to attend We may provide these training programs without charge, however, you must pay all expenses for you and your employees, including training materials, travel and living expenses (Franchise Agreement, Section 7 C)

Our Obligations Under the Area Development Agreement

A developer signs the initial Franchise Agreement in the Development Schedule at the time the Area Development Agreement is signed Our obligations under the Franchise Agreement apply to a developer Each time a developer signs another Franchise Agreement, our obligations are activated for the new Restaurant to be established We do not have separate obligations under the Area Development Agreement

Advertising in General

Advertising of Sizzler® Restaurants is disseminated on a local and regional basis in print (including newspaper and direct mail), radio, digital and television advertising Our advertising programs are developed by advertising agencies, and our internal marketing department

We currently have an advertising council (referred to as the Marketing Advisory Group) composed of single unit and multi-unit franchisees and several outside agencies that advises us on advertising policies Members of the council are selected by us The council serves only in an advisory capacity and does not have decision-making power We reserve the right to form, change or dissolve the advertising council

Local Advertising

You must spend a minimum of 3% percent of your Gross Sales on local advertising We have the option to increase this fee by 1% after 5 years Except for telephone directory advertising and any mall merchant association fees or other payments to your lessor in excess of $4,000 annually, any amount you must contribute to an Advertising Co-op (discussed below), will be credited against the 3% of Gross Sales that you must spend on local advertising If we impose a National Marketing Fund contribution, or impose increases to the Production and Marketing Fund Fee above 5%, we will reduce your local advertising requirement by an equal amount For example, if we increase the Production and Marketing Fund Fee to 1% and impose a 2% National Marketing Fund contribution, your local advertising requirement will be reduced to 5% (i e , 3% minus 2% National Fund, minus 5% increase in Production Marketing Fund) We may require you to submit quarterly reports detailing your compliance with the local advertising requirements, as stated in the Operations Manual

The format, content and media of all of your advertising must meet our specifications as stated in the Manuals You may not use any promotional materials and advertising until it has been submitted to and approved by the Sizzler USA marketing department If we have not notified you of disapproval within 10 business days after your submission for approval, the materials will be considered approved You may not use our Marks on any computer medium or electronic medium, including the Internet, without our prior written consent, and then only in accordance with our policies and procedures

Advertising Co-op

We have the right at any time to designate, and from time to time to redefine, local advertising cooperatives ("Advertising Co-op") based on designated market areas or other geographic regions we identify (the "Advertising Co-op Region") If an Advertising Co-op is formed in an Advertising Co-op Region in which you have a Restaurant located, you must participate and contribute to the Advertising Co-op The Advertising Co-op will be used to coordinate advertising and marketing efforts and programming to promote the efficient, dedicated use of local and/or regional advertising media, all of which is subject to our prior approval as noted below

The contribution amount designated by the Advertising Co-op must be on a percentage of Gross Sales basis and per Restaurant, and must be at least 3% The percentage payable to an Advertising Co-op Region may be increased by the majority vote of the Advertising Co-op Region The Advertising Co-op contributions paid to Advertising Co-op Regions have ranged as high as 5%, which is the maximum amount If we increase the Production and Marketing Fund Fee above 5%, the 3% minimum Advertising Co-op contribution will be reduced by an equal amount (i e , the portion of the Production and Marketing Fund Fee in excess of 5%), subject to any contrary contractual obligation established by a majority vote of any Advertising Co-op Your contributions to the Advertising Co-op Region count toward the minimum you must spend on local advertising You will submit your Advertising Co-op contribution to us by a check made payable to your Advertising Co-op Region, that we will deposit directly into the account for the applicable Advertising Co-op Region on a monthly basis We may, however, in the future direct that your Advertising Co-op contribution be remitted either directly to an Advertising Co-op Region or to a third party for the Advertising Co-op Region, in which case the Advertising Co-op Region or the third party will deposit the payment into the account for the Advertising Co-op Region In the future we may also require you to pay your Advertising Co-op contribution by electronic funds transfer, in which case you must sign the documents that are necessary for us to implement the payment system and make the required funds available for withdrawal before the designated due date

Each Sizzler® Restaurant within an Advertising Co-op Region, including Sizzler® restaurants owned by our affiliates, will be a member of the Advertising Co-op Region and have one vote per Restaurant Each Advertising Co-op Region will be required to adopt governing bylaws that meet our approval and that we may require the cooperative to amend from time to time We will provide each Advertising Co-op Region with a sample form of bylaws that the cooperative must use and we must approve, containing certain terms and conditions that we require, although the bylaws cannot modify the voting structure set forth in this paragraph Each Advertising Co-op Region must submit to us its meeting minutes upon our request Certain franchisees that executed prior versions of our franchise agreement and/or operate Restaurants in geographic areas where an Advertising Co-op has been in existence before January 2010, either are not required to make co-op advertising contributions or are subject to different requirements with respect to their existing cooperative advertising group(s)

All Advertising Co-op Regions must obtain our prior written approval of all promotional and advertising materials, creative execution and media schedules prior to their implementation The members of each cooperative and their elected officers will be responsible for the administration of the Advertising Co-op Region Each Advertising Co-op Region must engage the services of a professional media buyer or advertising agency, as we determine the need exists, that meets with our approval and has expertise in the industry and in the particular market Also, each Advertising Co-op Region will be required to have an independent certified public accountant prepare annual financial statements, which will be available to us and to all franchisee members of the Advertising Co-op Region We have the right to require Advertising Co-ops to be formed, changed, dissolved or merged

Production Marketing Fund

The Production and Marketing Fund ("PMF") presently is organized as a California non-profit mutual benefit corporation and administers the national Sizzler® marketing programs You must pay 0 50% of Gross Sales as a PMF Fee Our affiliates and other Sizzler® franchisees contribute a like amount, except that the contribution of some franchisees may vary based on the terms in effect at the time they signed their respective franchise agreements We may increase this fee annually, not to exceed a maximum of 1% after one year In the event of a PMF Fee rate adjustment, the additional amount you are required to contribute to the PMF will be credited against the sums you are required to spend via an Advertising Co-op and local advertising (and, if applicable, the amounts you contribute to the National Fund (detailed below))

You will send your PMF Fees to us by a separate check, made payable to the Production and Marketing Fund, that is deposited directly into the account for the PMF on a monthly basis We may, however, at our option in the future direct that your PMF Fee be remitted directly to the PMF or to a third party, in which case the third party will deposit the payment into the account for the PMF Also, we may require you to pay your PMF Fee by electronic funds transfer, in which case you must sign the documents that are necessary for us to implement the payment system and make the required funds available for withdrawal before the designated due date We are not obligated to spend any PMF Funds (or direct that any PMF Funds be spent) in your territory or for your restaurant(s) The PMF is administered by a three-member board of directors, all of whom are presently officers of Sizzler USA The Fund prepares annual unaudited financials At your request, we will furnish to you within 120 days after the end of each calendar year an unaudited report showing the PMF balance at the beginning of the year, the total amount contributed by franchisees and our affiliates, the amount actually expended for the year, and the remaining balance or deficit in the PMF at the end of the calendar year The PMF is not a trust or escrow account, and we have no fiduciary obligation to franchisees with respect to the PMF, however, we will make an effort to expend PMF funds in a manner that we determine is in the best interest of the System generally The PMF is not obligated to spend PMF revenues on advertising in the area where you are located We do not presently receive any payments from the PMF, however we reserve the right to be reimbursed from the Fund for our administrative expenses associated with managing the Fund

None of the PMF Fees are used for advertising that is principally a solicitation for the sale of franchises If all advertising fees are not spent in the fiscal year in which they accrue, the remaining amounts are retained in the fund for use in the following years

During our fiscal year ended April 28, 2019, PMF revenues were expended as follows

Type of Expense	Percent of PMF
Production	17%
Merchandising	25%
Web, eClub & Social Media	10%
Photo Shoots	5%
Gift Card Program	8%
Public Relations	5%
Agency Fee	19%
Local Store Marketing	4%
Storage/Inventory	2%
Rogers & Ho Management	2%
Miscellaneous	3%
Total	**100%**

National Marketing Fund

We reserve the right to establish and maintain a National Marketing Fund ("National Fund") to promote and advertise the Sizzler® Franchise System through radio, digital or television media purchases We may, in our sole business judgment, establish the National Fund at any time we deem appropriate We may establish and maintain the National Fund with or through our parent, Sizzler USA, Inc If and when the National Fund is established, you must, in addition to any and all other required advertising contributions or expenditures, pay a monthly fee equal to no more than 2% of your Gross Sales We will determine and set the specific amount to be paid into the National Fund, when and if established, and we may change the amount required to be paid at any time, provided the amount does not exceed 2% of Gross Sales Any amount you are required to contribute to the National Fund will be credited against the sums you are required to spend via an Advertising Co-op and local advertising each calendar quarter Once established, we will not be obligated to spend any of the PMF Funds (or direct that any of the PMF Funds be spent) in your territory or for your restaurant(s) Once established, the National Fund will not be a trust or escrow account, and we will have no fiduciary obligation to franchisees We will make an effort, however, to expend National Fund monies in a manner that we determine is in the best interest of the System generally We may not be able to require all franchisees to participate in the National Fund due to the fact that some existing franchise agreements do not include such a requirement, however, unless otherwise prevented by the renewal terms of existing agreements, we will require that all new franchisees and renewing franchisees participate in the National Marketing Fund to the same extent as participating franchisees

Information System

We require you to purchase a computer system and to use a specific point of sale cash collection system that we designate (the "POS System") that includes, among other things, a cash register, register tape, printer, magnetic stripe reader and cash drawer The approximate cost of the POS System will range from $25,000 to $30,000 As of the date of this Disclosure Document, we do not require you to purchase or lease additional computer hardware or software so long as your present hardware and software is capable of electronically transmitting to us certain reports and financial information, as well as tracking various sales reports for the Restaurant that we specify Under your Franchise Agreement, we may in the future establish a sales reporting system for the accurate and expeditious reporting of gross sales, and you must fully cooperate with us in implementing any such system for your Restaurant, and at your expense, equip your Restaurant with such sales reporting capabilities as we may require The sales reporting system may include the ability to electronically transmit sales, profits or other information to us Within a reasonable time of our request, and to the extent permitted by law, you must implement and maintain gift certificate, loyalty card, affinity card, debit card, credit card and other non-cash systems existing or developed in the future ("Purchasing Systems") to enable your customers to purchase Authorized Products via such procedure, including the acquisition of all required readers and related computer systems We will have independent access to the information generated and stored in the POS System that we designate in the future There are no contractual limits on our access to your computer and POS System information Once we establish a specific POS System, we may require you to make upgrades to your POS System hardware and/or software and Purchasing Systems and there is no contractual limitation on the frequency or amount of such upgrades Presently, we estimate that the annual cost of optional maintenance, updating, upgrading or support contracts for your existing point of sale system is approximately $3,200

<u>Site Selection</u>

You select the site for the Restaurant within the area designated in the Franchise Agreement We provide you with site selection criteria You must verify to us that your site complies with our site selection criteria We do not endorse or guarantee your site, but we must accept it Within 45-60 days from the date you submit all required information, we will notify you in writing whether or not we have any objections to the site you proposed You may not proceed to develop a Restaurant on the site unless we have communicated our acceptance of the site in writing If we and you cannot agree upon a site, you must find another site that is acceptable to us or risk termination of the Franchise Agreement Our identification of, or acceptance of, a site does not constitute a guarantee, recommendation or assurance as to the success of the site or your Restaurant, instead our acceptance of the site simply means that the site meets our then-current site selection standards or guidelines The site selection factors considered by us in deciding whether or not to object to the location may include the following (a) demographics, (b) traffic patterns, (c) visibility, (d) business mix, (e) ability to obtain liquor license, (f) ability to reflect image to be portrayed by SIZZLER® businesses, and (g) adequacy of signs and image Before granting our acceptance of a site, we may require you to evaluate the site with a specific software application, which may be available from only one vendor (including us or our affiliates) If required, you must have the site evaluated in the timeframe and manner as stated in the Manuals In addition, you may be required to pay a fee to access any specific software application

You must execute and provide to us an executed copy of your lease (including an executed copy of the Lease Addendum) or the purchase agreement for the selected and accepted site within 120 days from the date of execution of the Franchise Agreement If you fail to have your "site under control" (execute the lease or the purchase agreement within the periods as noted below in this Section), we will have the right to terminate the Franchise Agreement without opportunity to cure (Franchise Agreement, Section 13 B 2)

<u>Typical Length of Time Before You Open Your Restaurant</u>

The typical length of time between the signing of the Franchise Agreement and the opening of your business is approximately one year Factors that may impact this length of time may include whether you have a site selected upon execution of the Franchise Agreement and your ability to obtain a site, prepare a site survey, arrange leasing and financing, make leasehold improvements, install fixtures, equipment, and signs, decorate the Restaurant, meet local requirements, obtain inventory, obtain liquor permit, and similar factors

You must select a site for the Restaurant within 90 days after you sign the Franchise Agreement, we may terminate the Franchise Agreement if you fail to do so You must begin operations by the Required Open Date (as defined by your Area Development Agreement or Franchise Agreement) If you fail to begin operations by the Required Open Date, we may terminate the Franchise Agreement A developer must begin operation of the Restaurants to be developed under the Area Development Agreement according to the Development Schedule in the Area Development Agreement The intervals for opening individual restaurants depend upon the negotiated Development Schedule, and are generally 1 year for the first Restaurant and in accordance with the Development Schedule for subsequent Restaurants, which may have timelines that are shorter (and that supersede), the timelines described in the Franchise Agreement As described below, failure to open the Restaurant in accordance with the Development Schedule may result in termination of the applicable Franchise Agreement and Area Development Agreement

Furthermore, you must start substantial construction of your Restaurant at least 150 days before the deadline to open your Restaurant if your Restaurant will be in a free standing location or at least 120 days before the deadline to open your Restaurant if your Restaurant will be in a non-free standing location Failure to meet these deadlines may result in termination of your Franchise Agreement In addition, we may require you to submit to us executed copies of any loan documents and any other document that proves that you have secured adequate financing to complete the construction of your Restaurant by the date you are obligated to have your Restaurant open and in operation You must provide us with the name and contact information for your general contractor In the event that you fail to comply with any of these obligations, we will have the right to terminate the Franchise Agreement, and, if applicable, the Area Development Agreement In addition, we may require you to provide us weekly development and construction progress reports in the form we designate (e g , checklists, digital photos) from the date you begin development until the date you open the Restaurant You may be required to spend an additional amount on overtime in order to begin operations by the Required Open Date should you fall behind your construction schedule in either of the following instances (i) you fail to have a complete structural, mechanical, electrical and plumbing rough-in cover-up inspection by 70 days before opening for a free-standing building and 40 days before opening for a non-free standing building, or (ii) you fail to have "permanent power" by 25 days before receipt of certificate of occupancy The overtime must be spent for after-hours electrical inspections, installations, and connections to building and/or build-out space

If a developer fails to comply with the Development Schedule, we may terminate the Area Development Agreement, reduce the number of Restaurants the developer has the right to develop, terminate or reduce the Development Territory, repurchase any Restaurants open by you under the Area Development Agreement or exercise any other rights and remedies that we may have If you acquire the right to develop three or more restaurants, we may (but are not obligated to) grant to you a 30-day extension on the required opening date for any restaurants developed by you provided that (i) you make a written request to us for such extension at least 60 days prior to the development deadline for any restaurant, and (ii) in our sole business judgment, we believe that you have diligently pursued development of the Restaurant

Manuals

We will provide you with access to the Manuals The Manuals are confidential and will remain our property during and after the term of the Franchise Agreement The Manuals consist of operations and training documentation and are made available to you online and in hard copy format The current Table of Contents to the Manual is attached as Exhibit H and has a total of 72 pages

Training

Not more than 180 days but not less than 60 days before the opening of your Restaurant, we will provide the initial in-restaurant training and familiarization course (the "Sizzler Certified Management

Training Program") described below, to train at least five people from your management team (including your Operating Principal, Unit General Manager and at least two assistant managers), which the attendees must complete to our satisfaction

You must, at all times, employ in your Restaurant a manager who has attended and completed the Sizzler Certified Management Training Program If you sign an Area Development Agreement for three or more restaurants, you must have a multi-unit operations manager to oversee the management of all your restaurants who also completes additional training and who satisfies the criteria as stated in Item 15

The Sizzler Certified Management Training Program is currently ten weeks long and is held at a certified training restaurant that we designate, which may be affiliate- or franchisee-owned There is no charge for up to 5 persons selected by you for this training, however, all expenses of you and your personnel incurred while attending or obtaining training will be borne entirely by you If you purchase a Sizzler® Restaurant from an existing franchisee, then you and your Operating Principal and Unit General Manager must satisfactorily complete the Sizzler Management Training Program then required of all new franchisees We generally will not provide the Sizzler Management Training Program to you in connection with any renewal term for the Restaurant We will hold training on an as needed basis as we determine appropriate

CERTIFIED MANAGEMENT TRAINING PROGRAM
12 Weeks

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF ON-THE-JOB TRAINING	LOCATION
Guest Host/Cashier	0	50	Certified Training Restaurant
Guest Service Attendant	0	50	Certified Training Restaurant
Hotside	0	150	Certified Training Restaurant
Utility	0	20	Certified Training Restaurant
Salad Bar	0	100	Certified Training Restaurant
Expo	0	20	Certified Training Restaurant
Management Shift	10	200	Certified Training Restaurant
TOTAL	10	590	

Instructional materials for the Sizzler Management Training Program include our Manuals, workbooks, training films, and hourly training workbooks

In addition to the above Sizzler® Certified Management Training Program we may provide your Operating Principal with customized training of approximately two to three weeks at an affiliate-owned or franchised Sizzler® Restaurant, at your Sizzler® Restaurant, or at some other location we may designate This program is a condensed version of Sizzler's Certified Management Training Program and is designed to familiarize franchisees who employ a restaurant manager with certain basic aspects of the operation of a Sizzler® Restaurant The following chart summarizes the subjects covered by the Operating Principal training program

MULTI-UNIT SUPERVISOR TRAINING PROGRAM

4 Weeks

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF ON-THE-JOB TRAINING	LOCATION
Hotside	0	70	Certified Training Restaurant
Salad Bar	0	50	Certified Training Restaurant
Expo	0	10	Certified Training Restaurant
Host/Cashier	0	10	Certified Training Restaurant
Guest Services	0	10	Certified Training Restaurant
Management Shift (Note 1)	10	50	Certified Training Restaurant
TOTAL	10	200	

Instructional materials for the Operating Principal training program include our Manuals, workbook, and instructional manuals

Notes

1 Management Shift – All necessary administrative, security and physical procedures Conducting inventories, scheduling, product inspection, pre-shift and employee meetings Participation in a restaurant operation s evaluation

Ralph Iglesias oversees our training program Mr Iglesias has more than 10 years of experience with the Sizzler system and in the food service industry Before beginning training, you and all trainees must execute the Training Release Agreement attached as Exhibit E which releases and indemnifies us and our officers, directors, shareholders, agents and employees from any claim including personal injury and workers' compensation claims during training

In addition to the Certified Management Training Program and the Operating Principal Training Program, we will arrange for an Hourly Training Team, consisting of the specific number and type of training personnel as we determine, at your expense, to assist you in training your hourly staff in the operation of your first Restaurant For one full week before the date that the Restaurant opens for business, and continuing throughout the entire first week of Restaurant operations, the Hourly Training Team will train and assist your hourly staff (including kitchen employees) in various aspects of restaurant operations We do not charge you a fee for the Hourly Training Team assistance for your first Restaurant, but you must pay the travel expenses and prorated salaries for the Hourly Training Team within 30 days after your receipt of an invoice from us We will provide Hourly Training Team assistance for your subsequent Restaurants in exchange for the fee described in Item 6

In addition, we may periodically offer optional or mandatory additional training covering such subjects as product production techniques, new recipes, marketing, bookkeeping, accounting and general operating procedures, management skills, and the establishment, development and improvement of computer systems Attendance by you, your Operating Principal or your Unit General Manager may be mandatory or optional, as we direct We may establish charges for additional training courses, which charges will be the same for all similarly situated franchisees Any training provided by us to any of your employees will be limited to training or guidance regarding the delivery of approved products and services to customers in a manner that reflects the customer service standards of the System You are, and will remain, the sole employer of your employees at all times, including during all training programs, and you are solely responsible for all employment decisions and actions related to your employees You are solely responsible for ensuring that your employees receive adequate training

Your Operating Principal must attend the annual meeting, convention or conference of franchisees and all meetings relating to new products or product preparation procedures, new operational procedures or programs, training, restaurant management, sales or sales promotion, or similar topics, at your own expense

You will bear all costs for you, your Operating Principal, Unit General Manager and others to attend our training programs These expenses include, for example, salary, living expenses and transportation

ITEM 12
TERRITORY

You receive the right to operate a SIZZLER® Restaurant at a specific location described in the Franchise Agreement We will allow you to relocate the site of the Restaurant if, during the term of the Franchise Agreement, the existing site no longer meets our standards for SIZZLER® Restaurants generally, or as the result of condemnation, destruction, or expiration or cancellation of your lease for reasons other than your breach We will not during the term of your franchise operate or grant others the right to operate any other SIZZLER® Restaurant within a specified geographic area ("Designated Area"), except as generally described in this Item 12 and more fully stated in the Franchise Agreement Because we reserve certain rights, you do not receive an exclusive territory You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control

The criteria used for determining the boundaries of the Designated Area include the population base, density of population, growth trends of population, apparent degree of affluence of population, the density of residential and business entities, restaurant co-tenants, traffic generators, driving times, and major topographical features which clearly define contiguous areas, like rivers, mountains, major freeways, and underdeveloped land areas As a result of these considerations, a Designated Area will have a general trade area with a population base of, or anticipated population growth to, approximately 50,000 to 75,000 We determine the Designated Area and incorporate it into a written description or a map attached to the Franchise Agreement or in a separate correspondence from us to the franchisee

We and our affiliates have the right outside of the Designated Area to grant other franchises or operate company or affiliate owned SIZZLER® Restaurants without regard to the proximity of such restaurants to your Restaurant or Designated Area, all without compensation to any franchisee We and our affiliates have the right to operate and franchise others to operate Restaurants or any other business within and outside the Designated Area under trademarks other than the SIZZLER® Trademarks, without compensation to any franchisee, except that our operation of, or association or affiliation with, restaurants (through franchising or otherwise) in the Designated Area that compete with SIZZLER® Restaurants in the mid-scale, casual dining restaurant segment will only occur through some form of merger or acquisition with an existing restaurant chain (except as otherwise provided for in this Item 12)

In addition, we and our affiliates have the right to offer, sell or distribute, within and outside of the Designated Area, any products or services, including frozen, pre-packaged items or other products or services associated with the System or identified by the Trademarks, or any other trademarks, except for retail food service Menu Items that are cooked or prepared to be served to the end user or customer for consumption at the retail location The distribution channels or methods include, without limitation, grocery stores, club stores, convenience stores, wholesale, hospitals, clinics, health care facilities, business or industry locations (e g manufacturing site, office building), military installations, military commissaries or the internet

Special Sites are excluded from the Designated Area and we have the right to develop, license or franchise the following Special Site locations within and outside the Designated Area (1) military bases, (2) public transportation facilities, including airports and other transportation terminals, (3) sports facilities, including race tracks, (4) student unions or other similar buildings on college or university campuses, (5) amusement and theme parks, and (6) community and special events We are not required to pay you if we exercise any of the rights specified above inside your Designated Area

You must not offer delivery services from the Restaurant You may not offer catering services unless we authorize in writing We and our affiliates may not engage in catering services within the Designated Area, unless originating from a Special Site, as described above Although we do not encourage other franchisees to cater in another franchisee's designated territory, we have no obligation to enforce these prohibitions against any franchisee Some existing franchisees with older forms of franchise agreement may have the right to offer catering services within their designated territory

Continuation of your Designated Area does not depend on the achievement of a certain sales volume, market penetration or other contingency You do not receive the right to acquire additional franchises within or outside of your Designated Area unless you sign another franchise agreement with us We cannot modify your Designated Area without your consent

Except as noted below, we do not restrict you from soliciting or accepting orders from outside your Designated Area You do not have the right to use other channels of distribution to make sales outside your Designated Area Although we recognize that certain advertisements may spill over into another franchisee's designated area—and unless you are part of an Advertising Co-Op—you do not have the right to market the Restaurant via advertising directed at consumers residing in another franchisee's designated area Although you have the right to market the Restaurant through other channels of distribution, such as the Internet, catalog sales, telemarketing or direct marketing, all marketing must be approved by us and must not be directed to making sales outside of our Designated Area

If you need to relocate because of condemnation, destruction, or expiration or cancellation of your lease for reasons other than your breach, we will allow you to do so at a site acceptable to us that is within your Designated Area, provided that (i) the new site has been evaluated in accordance with the protocol as stated in the operations manual, and you have paid any applicable fees, (ii) we have consented in writing to the new site, (iii) the new Restaurant is under construction within 90 days after you discontinue operation of the Restaurant at the Authorized Location, and (iv) the new Restaurant is open and operating within 180 days after construction commences, all in accordance with our then-current standards If you voluntarily decide to relocate the Restaurant, your right to relocate the Restaurant will be void and your interest in this Agreement will be voluntarily abandoned, unless you have given us notice of your intent to relocate at least 60 days before closing the Restaurant, have procured a site that has been evaluated and accepted by us within 60 days after closing the prior Restaurant, and have opened the new Restaurant for business within 150 days of such closure You must pay the costs of any relocation, and we reserve the right to charge you for any reasonable costs that we incur You do not have the right to relocate in the event you lose the right to occupy the Restaurant premises because of the cancellation of your lease due to your breach

<u>Area Development Agreement</u>

If you and we enter into an Area Development Agreement requiring you to open and operate multiple SIZZLER® restaurants in a Development Territory, we will not develop or operate or grant anyone else a franchise to develop and operate a SIZZLER® Restaurant business (except for the Special Sites defined above) in the Development Territory prior to the earlier of (i) the expiration or termination of the Area Development Agreement, (ii) the date on which you must execute the Franchise Agreement for your last restaurant in accordance with the terms of the Development Schedule, or (iii) the date on which the Designated Area for your final Restaurant under this Agreement is determined However, in the event that the Development Territory covers more than one city, county or designated market area, the protection for each particular city, county or designated market area shall expire upon the earliest of (1) any of the above-described events or (2) the date when the Designated Area for your final Restaurant to be developed in such city, county or designated market area under this Agreement is determined Except as noted in this Agreement, upon the earliest occurrence of any of the above-described events (i) the Development Territory will expire and (ii) we will be entitled to develop and operate, or to franchise others to develop and operate, SIZZLER® Restaurants in the Development Territory, except as may be otherwise provided under any Franchise Agreement that has been executed between us and you and that has not been terminated At the time you execute your final Franchise Agreement under the Development Schedule, you must have an Authorized Location for your final Restaurant We determine the Development Territory in an Area Development Agreement using the same criteria that is used in deciding a Designated Area for one Restaurant However, the Development Territory must be able to support the number of restaurants you intend to establish in that area

The rights and restrictions described above regarding what we and our affiliates can and cannot do in a franchisee's Designated Area for a single Restaurant are generally the same for the Development Territory as stated in an Area Development Agreement We are not required to pay you if we exercise any of the rights specified above inside your Development Territory In addition, we may terminate the Area Development Agreement if you (i) fail to exercise options to enter into Franchise Agreements with us within any period on the Development Schedule, (ii) fail to comply with any other terms and conditions of the Area Development Agreement, (iii) make or attempt to make a transfer or assignment in violation of the Area Development Agreement, or (iv) fail to comply with the terms and conditions of any individual Franchise Agreement or of any other agreement to which you and we or our affiliates are parties Except as noted above, we may not modify the Designated Area and/or Development Territory (as applicable)

Other than the right to develop multiple SIZZLER® Restaurants described above, you do not receive any options, rights of first refusal or similar rights to acquire additional franchises under the Area Development Agreement

ITEM 13
TRADEMARKS

The Franchise Agreement licenses you to use the service mark SIZZLER, as well as other trademarks, service marks, trade names and commercial symbols (collectively, the "Marks") We claim common law trademark rights for all of the Marks Below is a list of our principal Marks, all of which are registered on the principal register of the United States Patent and Trademark Office (USPTO)

PRINCIPAL TRADEMARKS	REGISTRATION DATE	REGISTRATION NUMBER/ CLASS
SIZZLER	2/25/1986	1,384,530 Int'l Class 30
SIZZLER	10/20/1987	1 462,078 Int'l Class 29
SIZZLER	09/28/1993	1,795,103 Int'l Class 25

PRINCIPAL TRADEMARKS	REGISTRATION DATE	REGISTRATION NUMBER/ CLASS
SIZZLER SS & Design	1/21/2009	3,657,044 Int'l Class 43
Smoking SS Design	8/2/2005	2,982,277 Int'l Class 29, 30, 43
WHERE AMERICA COMES TO EAT	6/9/2009	3,636,376 Int'l Class 43
SIZZLER SS	1/31/2006	3,056,206 Int'l Class 16, 29, 30
SS	1/31/2006	3,056,208 Int'l Class 16
SIZZLER	11/23/1999	2,294,706 Int'l Class 42

We have filed or intend to file all required affidavits and renewals for the Marks Appendix A to your Franchise Agreement identifies the Marks that you are licensed to use Appendix A will include the SIZZLER® service marks and our other Marks We have the right to change Appendix A from time to time Your use of the Marks and any goodwill is to our exclusive benefit and you retain no rights in the Marks You also retain no rights in the Marks upon expiration or termination of your Franchise Agreement You are not permitted to make any changes or substitutions of any kind in or to the use of the Marks unless we direct in writing We may change the System presently identified by the Marks including the adoption of new Marks, new Menu Items, new products, new equipment or new techniques and you must adopt the changes in the System, as if they were part of the Franchise Agreement at the time of its execution You must comply within a reasonable time if we notify you to discontinue or modify your use of any Mark We will have no liability or obligation as to your modification or discontinuance of any Mark

There are currently no effective material determinations by the USPTO, the Trademark Trial and Appeal Board (TTAB), the trademark administrator of any state, or any court, or any pending infringement, opposition, or cancellation proceedings involving the principal Marks There are no pending material federal or state court litigation regarding our use or ownership of the Marks

On or about March 24, 1982, Sizzler's predecessor company entered into an agreement with Geo A Hormel & Company ("Hormel") that prohibits Sizzler from using the SIZZLER mark for branded sausage products Other than the agreement with Hormel, there are currently no agreements in effect that significantly limit our rights to use or license the use of any Marks in any manner material to the franchise There are no infringing uses actually known to us that could materially affect your use of the Marks

We are not obligated to protect you against infringement or unfair competition claims arising out of your use of the Marks, to take any affirmative action when notified of a potential trademark infringement, or to participate in your defense or indemnify you We reserve the right to control any litigation related to the Marks and we have the sole right to decide to pursue or settle any infringement actions related to the Marks You must notify us promptly of any infringement or unauthorized use of the Marks of which you become aware If we determine that a trademark infringement action requires changes or substitutions to the Marks, you must make the changes or substitutions at your own expense

ITEM 14
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

There are no patents, pending patent applications or copyrights currently registered that are material to the franchise, although we do claim copyright ownership and protection for our SIZZLER Franchise Agreement, Area Development Agreement, operations, marketing and training manuals, website and for various sales promotional and other materials published from time to time

There are no currently effective determinations of the Copyright Office (Library of Congress), United States Patent and Trademark Office, Board of Patent Appeals and Interferences, or any court, or any pending infringement, opposition or cancellation proceeding or any pending material litigation involving any patents or copyrights There are currently no agreements in effect that significantly limit our rights to use or license the use of any patents or copyrights in any manner material to the franchise There are no infringing uses actually known to us that could materially affect your use of the patents or copyrights

We are not obligated to protect you against infringement or unfair competition claims arising out of your use of any patents or copyrights, or to participate in your defense or indemnify you We reserve the right to control any litigation related to any patents and copyrights and we have the sole right to decide to pursue or settle any infringement actions related to the patents or copyrights You must notify us promptly of any infringement or unauthorized use of the patents or copyrights of which you become aware

You must keep confidential during and after the term of the Franchise Agreement all proprietary information, including the manuals Upon termination of your Franchise Agreement, you must return to us all proprietary information, including but not limited to the manuals and all other copyright material You must notify us immediately if you learn about an unauthorized use of proprietary information We are not obligated to take any action and we have the sole right to decide the appropriate response to any unauthorized use of proprietary information You must comply with all changes to the manuals at your cost

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

During the term of the Franchise Agreement, you (if franchisee is an individual), your Operating Principal or your Unit General Manager must devote full time and best efforts to the management of the Restaurant Your 'Operating Principal" is the individual who has the authority to actively direct your business affairs regarding the Restaurant, is responsible for overseeing the general management of the Restaurant and has authority to sign all contracts During the term of the Area Development Agreement, you also must employ an Operating Principal who will devote his or her full time and best efforts to the management of the Developer's business

You, your Operating Principal or your Unit General Manager must provide direct on-premises supervision to the Restaurant and business The Operating Principal, the Unit General Manager and at least two of the assistant managers must complete our training course (including any certified training program we specify) in a Certified Training Restaurant You must always have on shift at least one manager per restaurant per day that has completed the certified training course to our satisfaction This manager need not have any equity interest in you If any manager fails to satisfactorily complete the training program, you may designate a different individual, who must then satisfactorily complete the training program The use of a Unit General Manager in no way relieves you or your Operating Principal of your obligations to comply with the Agreement and to insure that the Restaurant is properly operated We have the right to require that the Operating Principal and the Unit General Manager be at the Restaurant for any inspection or evaluation we conduct If you sign an Area Development Agreement for more than three restaurants, you must have a multi-unit operations manager (who meets our minimum qualifications for operational experience) to oversee the management of all your restaurants

Your Operating Principal must attend the annual meeting, convention or conference of franchisees and all meetings relating to new products or product preparation procedures, new operational procedures or programs, training, restaurant management, sales or sales promotion, or similar topics, at your own expense Your Unit General Manager(s) may attend, at your own expense, such annual meeting, convention or conference only if we grant you our prior written approval However, your Unit General Manager(s) must attend any required training meetings for Unit General Managers, at your own expense In addition, we reserve the right to require that you and/or your Operating Principal attend any additional meetings that we deem appropriate under special circumstances, provided, however, that we will not require more than one additional meeting every year and we will give you written notice of any such meeting at least 10 days prior to the meeting

All shareholders, officers, directors, partners, members and all managers and other employees having access to our proprietary information must execute non-disclosure agreements in a form we accept If we so require, your managers and supervisory personnel and other employees receiving training from us must execute covenants not to compete in a form that we approve

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer for sale at the Restaurant all of the Menu Items and food and beverage products that we periodically require and you may not offer at the Restaurant any unapproved products or menu items or use the premises for any purpose other than the operation of a Restaurant We have the unlimited right to change the types of authorized products and services you may offer You must also participate in our gift card program

You must not install or maintain on the premises of the Restaurant any newspaper racks, video games, jukeboxes, gaming machines, gum machines games, rides, vending machines, automated teller machines or other similar devices without our prior written approval If you install any such devices without our prior written approval, you must remove them within 3 days from receiving written notice from us Pool tables, cigarette vending machines, gambling and gaming machines or games of chance are not allowed

You may not offer any delivery service or engage in catering services without our prior written approval You also may not offer for sale any Menu Items or Proprietary Products through the internet or other online programming or advertising We do not otherwise impose any restriction or conditions that limit your access to customers

ITEM 17
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

	Provision	Section in Agreement	Summary
a	Length of the franchise term	Section 4 A Sections 2 and 4 and Appendix B to the Area Development Agreement	Term is 20 years Term depends on the number of Restaurants to be developed under the Area Development Agreement as specifically stated in Appendix B
b	Renewal or extension of the term	Section 4 B	Renewal for one additional term equal to 10 years, if you relocate your Restaurant upon renewal, you may renew your license for 20 years plus renewal one renewal term of 10 years No renewal rights under the Area Development Agreement
c	Requirements for franchisee to renew or extend	Section 4 B	You give us written notice of your decision to renew at least 6 months but not more than 12 months before the end of the expiring term, you sign our then-current form of franchise agreement, you have complied with the modernization requirements for your Restaurant, you are not in default and have satisfied your obligations on a timely basis, if leasing, you have written proof of your ability to remain in possession of the Restaurant premises throughout the renewal term, you comply with our training requirements, you pay us, at least 30 days prior to the end of the expiring term, a $7,500 renewal fee, and you sign a release If you seek to renew your franchise at the expiration of the initial term or any renewal term, you may be asked to sign a new franchise agreement that contains terms and conditions materially different from those in your previous franchise agreement, such as different fee requirements and territorial rights
d	Termination by franchisee	Section 13 C	You may terminate the Franchise Agreement only for a material breach by us, provided you give us written notice of the breach and allow 30 days to cure such breach and, if not cured, wait 60 days from the original notice of breach before terminating the Franchise Agreement You do not have the right to terminate the Area Development Agreement
e	Termination by franchisor without cause	Not Applicable	Not Applicable
f	Termination by franchisor with cause	Sections 2 A, 13 A and 13 B Section 7 B of the Area Development Agreement	We can terminate the Franchise Agreement and the Area Development Agreement only if you default or fail to comply with your obligations The Franchise Agreement and Area Development Agreement contain cross-default provisions
g	"Cause" defined – curable defaults	Sections 13 A and B	You have 10 days to cure the non-submission of reports and non-payment of amounts due and owing, and 30 days to cure defaults for the failure to abide by our standards and requirements in connection with the operation of your business, or failure to meet any requirements or specifications established by us, and any other default not listed in h below

	Provision	Section in Agreement	Summary
		Section 7 B of the Area Development Agreement	You have 30 days to cure defaults not listed in h below
h	"Cause" defined – non-curable defaults	Sections 2 C, 5 A, 5 B, 5 D, 9 H, 13 A, 13 B and 15 P	Non-curable defaults include any material misrepresentation or omission in your application for a franchise, abandonment, loss or revocation of liquor license (or multiple suspensions), loss of lease, failure to timely cure a default under the lease, loss of your right of possession or failure to relocate, closing of the Restaurant, closing of the Restaurant by the authorities for health or public safety reasons, unauthorized use of confidential information, your insolvency, unapproved assignments or transfers, defaults that materially impair the goodwill associated with any of the Marks, criminal convictions, intentionally (or unintentionally in two or more occasions) understating or underreporting Gross Sales or other fees, multiple defaults, failure to execute the lease or purchase agreement for your Restaurant within 120 days from the date of the Franchise Agreement if the Restaurant will be free standing or within 90 days if the Restaurant will be non-free standing, failure to start construction of your Restaurant at least 150 days prior to the deadline to open if the Restaurant will be free standing or at least 120 prior days if the Restaurant will be non-free standing, failure to deliver to us by the date you must begin construction copies of the loan documents and/or other documents showing that you have secured adequate financing to complete the construction of your Restaurant by the date you are obligated to have your Restaurant open, failure to correct all construction problems within 30 days from the date we deny our approval for opening your Restaurant so that your Restaurant is strictly constructed according to the consented building plans, failure to open the Restaurant on time, or failure to cure within 24 hours of notice a default which violates any health, safety or sanitation law or regulation or any system standard as to food handling, cleanliness, health or sanitation, or default by you which is the 2nd same or similar default in a 12 month period or 4th default of any type within a 48 month period
		Sections 5 C, 7 B, and 10 N of the Area Development Agreement	Non-curable defaults include insolvency or general assignment for the benefit of creditors, appointment of a receiver of your property, a final judgment remains unsatisfied of record for 30 days or longer, execution is levied against your business or property, suit to foreclose any lien or mortgage against your premises or equipment is instituted against you and is not dismissed or in the process of being dismissed within 30 days, failure to meet the Development Schedule, failure to start construction of any Restaurant at least 150 days prior to the deadline to open if the Restaurant will be stand alone or at least 120 days prior if the Restaurant will not be stand alone, failure

	Provision	Section in Agreement	Summary
			to deliver to us by the date you must begin construction copies of the loan documents and/or other documents showing that you have secured adequate financing to complete the construction of your Restaurant by the date you are obligated to have your Restaurant open, or notice of termination of a Franchise Agreement
i	Franchisee's obligations on termination/non-renewal	Section 14 A-C Section 8 A-G of the Area Development Agreement	Obligations include complete de-identification and payment of amounts due, assignment of lease upon our demand and telephone numbers, return of manuals and proprietary materials and right to purchase assets of the Restaurant (also see o and r below) You lose all remaining rights to develop Restaurants Other obligations include those obligations noted above if existing Franchise Agreements also terminated, plus payment of liquidated damages (subject to state law) We also may have the right to purchase assets of the Restaurants (also see o below)
j	Assignment of contract by franchisor	Section 11 G Section 9 A of the Area Development Agreement	No restriction on our right to assign
k	"Transfer" by franchisee – defined	Section 11 A Section 9 B of the Area Development Agreement	Includes any transfer of your interest in the Franchise Agreement or in the business or any ownership change listed in Section 11 A of the Franchise Agreement and Section 9 B of the Area Development Agreement
l	Franchisor approval of transfer by franchisee	Section 11 B Section 9 B of the Area Development Agreement	We have the right to approve all transfers but will not unreasonably withhold approval
m	Conditions for franchisor approval of transfer	Sections 11 B-D, G Section 9 B of the Area Development Agreement	Transferee meets all of our then-current requirements for one of the franchise development programs then being offered, transfer fee paid, all amounts owed by prior franchisee paid, required modernization is completed, training completed, transferee executes then-current form of franchise agreement (modified to reflect that agreement relates to a transfer), required guarantees signed, necessary financial reports and other data on franchise business is prepared, release signed by you, full compliance of your obligations under all Franchise Agreements and Area Development Agreements executed between you and us, and other conditions that we may reasonably require from time to time as part of our transfer policies (also see r below), provided that certain transfer conditions do not apply to transfers to immediate family members or among Principal Owners You cannot transfer rights under the Area Development Agreement unless you transfer all of your rights and interests under all Franchise Agreements
n	Franchisor's right	Section 11 F	We can match any offer for your Restaurant assets and, in

	Provision	Section in Agreement	Summary
	of first refusal to acquire franchisee's business		the case of a proposed stock sale, we can purchase your Restaurant assets at a price determined by an appraiser, unless you and we agree otherwise
o	Franchisor's option to purchase franchisee's business	Section 14 B Section 10 F of the Area Development Agreement	Upon termination, we have the right to purchase or designate a third party that will purchase all or any portion of the assets of your Restaurant, including the land, building, equipment, fixtures, signs, furnishings, supplies, leasehold improvements, liquor license and inventory Qualified appraiser(s) will determine price as stated in the Franchise Agreement This right to purchase is qualified under the Area Development Agreement, depending on the number of Restaurants in the Development Territory and the reason for the termination of the Area Development Agreement
p	Franchisee's death or disability	Section 11 E	You can transfer your franchise right to your heir or successor in interest like any other transfer, but if assignee is your spouse or child, no transfer fee is required
q	Non-competition covenants during the term of the franchise	Section 10 D	No direct or indirect involvement in the operation of any restaurant or food business other than one authorized in the Franchise Agreement (with an exception for existing business other than casual or fast casual restaurants)
r	Non-competition covenants after the franchise is terminated or expires	Section 10 D	No direct or indirect involvement in a competing business for 2 years (i) at the premises of the former Restaurant (ii) within 5 miles of the former Restaurant or (iii) within 5 miles of any other business or restaurant using the System
s	Modification of the agreement	Section 15 B Section 10 C of the Area Development Agreement	No modifications generally, but we have the right to change operations manual, list of authorized trademarks and menu
t	Integration/merger clause	Section 15 B Section 10 C of the Area Development Agreement	Only the terms of the Franchise Agreement and Area Development Agreement are binding (subject to state law) Any representations or promises made outside the Franchise Agreement, Area Development Agreement and the Disclosure Document may not be enforceable
u	Dispute resolution by arbitration or mediation	Section 12 Section 10 M of the Area Development Agreement	Except for certain claims, all disputes must be arbitrated in Los Angeles, California (subject to state law)
v	Choice of forum	Section 15 I Section 10 G of the Area Development Agreement	Litigation must be in the federal or state courts of California (subject to state law)
w	Choice of law	Section 15 H Section 10 F 1 of the Area Development Agreement	Applicable law is that of the state where your Restaurant is located (subject to state law) Applicable law is that of the state where your first Restaurant is located (subject to state law)

*Unless otherwise noted, Section references are to the Franchise Agreement

Please see state-specific addenda in Exhibit J

ITEM 18
PUBLIC FIGURES

We currently do not use any public figure to promote our franchise, but reserve the right to do so

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 (i) a franchisor provides the actual records of an existing outlet you are considering buying, or (ii) 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

The following statement consists of four charts, all of which are a historical representation of past performance of franchised and affiliate-owned outlets

Chart 1 represents the annual gross sales for 114 of the 116 franchised Sizzler® Restaurants that were open and operating in the U S during the entire fiscal year ending April 28, 2019 (the "Franchised Restaurants"), as reported to us by franchisees We complied the information contained in this chart from franchisee reports submitted to us While we have no reason to doubt the accuracy of the information reported to us by franchisees, we have neither verified nor audited the information All but one of the 114 Franchised Restaurants is a free-standing format building structure

Chart 2 represents the annual gross sales for all of the 13 affiliate-owned Sizzler® restaurants that were open and operating in the U S during the entire fiscal year ending April 28, 2019 (the "Affiliate-Owned Restaurants"), as determined from transactions captured from point-of-sales (POS) terminals at the restaurants and compiled at the franchisors corporate office Although neither we nor our affiliates have audited this information, we have verified the reported sales figures All but two of the 13 Affiliate-Owned Restaurants are free-standing building structures

Chart 3 is a statement of combined average annual gross sales for all 127 of the Franchised Restaurants and Affiliate-Owned Restaurants included in Item 19

Chart 4 shows the percentages of gross sales of certain expenses from all of the 13 affiliate-owned Sizzler® Restaurants that were open and operating during the fiscal year ending April 28, 2019

As referenced in this Item 19, the term "gross sales" means the total receipts from the food and beverages sold on or off the restaurant premises, excluding (1) taxes collected from customers for repayment to local and state authorities, (2) complimentary or discounted meals to management, and other discounts, coupons and promotional prices charged to restaurant guests, (3) the one-time sale of any FF&E or inventory items, and (4) business interruption insurance payments Keep in mind that the gross sales figures contained in Charts 1 through 3 do **not** reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted to obtain your net income or profit You should conduct an independent investigation of the costs and expenses you will incur in operating your franchised Sizzler® Restaurant The franchisees listed in Exhibit E of this Disclosure Document may be one source of this information

CHART 1 STATEMENT OF AVERAGE GROSS SALES

FOR ALL FRANCHISED RESTAURANTS OPEN AND OPERATING DURING OUR FISCAL YEAR ENDED APRIL 28, 2019

114 Franchisee-owned Restaurants opened for the full 52 week period ended April 28, 2019

	SALES QUARTILES			
Levels	**High**	**Medium High**	**Medium Low**	**Low**
# of Restaurants	29	28	29	28
# and % at or above average Restaurant Sales	12 (41 4%)	13 (46 4%)	14 (48 3%)	16 (57 1%)
HIGH – Sales Range	$4,323,333	$2,505,262	$1,873,442	$1,396,699
LOW – Sales Range	$2,510,947	$1,940,062	$1,419,370	$759,811
AVG – Sales	**$3,047,384**	**$2,205,658**	**$1,680,610**	**$1,163,103**
MEDIAN – Sales	**$2,484,008**	**$2,183,222**	**$1,678,548**	**$1,203,681**

Note 1A Includes Franchised Restaurants that were open and operating the entire year from April 30, 2018 through April 28, 2019

Note 1B Average unit volume for all 114 Restaurants in Chart 1 was $2,030,176 51 out of 114 (44 7%) of the Franchised Restaurants exceeded this Average unit volume

CHART 2 STATEMENT OF AVERAGE GROSS SALES FOR ALL AFFILIATE-OWNED RESTAURANTS OPEN AND OPERATING DURING OUR FISCAL YEAR ENDED APRIL 28, 2019

14 Affiliate-owned Restaurants opened for the full 52 week period ended April 28, 2019

	SALES QUARTILES			
Levels	**High**	**Medium High**	**Medium Low**	**Low**
# of Restaurants	4	3	3	3
# and % at or above average Restaurant Sales	2 (50 0%)	2 (66 7 0%)	2 (66 7%)	2 (66 7%)
HIGH – Sales Range	$3,975,196	$2,044,532	$1,861,568	$1,678,638
LOW – Sales Range	$2,653,177	$1,881,529	$1,715,040	$1,559,407
AVG – Sales	**$3,156,367**	**$1,987,743**	**$1,803,870**	**$1,621,932**
MEDIAN - Sales	**$2,998,548**	**$2,037,168**	**$1,835,001**	**$1,627,752**

Note 2A Includes Affiliate-owned Restaurants that were open and operating the entire year from April 30, 2018 through April 28, 2019

Note 2B Annual unit volume for all 13 Restaurants in Chart 2 was $2,220,461 4 out of 13 (or 30 8%) total Affiliate-Owned Restaurants exceeded this average unit volume

CHART 3 STATEMENT OF AVERAGE GROSS SALES FOR 117 OUT OF 133 FRANCHISED RESTAURANTS AND AFFILIATE-OWNED RESTAURANTS OPEN AND OPERATING DURING OUR FISCAL YEAR ENDED APRIL 28, 2019

Restaurant Type	Average Annual Gross Sales	Median Annual Gross Sales	High	Low
Franchise Restaurants (103)	$2,030,176 (Note 3A)	$1,906,752	$4,323,333	$759,811

Affiliate-Owned Restaurants (14)	$2,220,469 (Note 3B)	$1,881,529	$3,975,196	$1,559,407
Total Combined Average Gross Sales (117)	$2,049,655 (Note 3C)	$1,947,572	$4,323,333	$759,811

Note 3A 51 out of 114 (or 44 7%) total Franchised Restaurants exceeded the Average Gross Sales amount Actual Annual Gross Sales figures ranged from a low of $759,811 to a high of $4,323,333

Note 3B 4 out of 13 (or 30 8%) total Affiliate-Owned Restaurants exceeded the Average Gross Sales amount Actual Annual Gross Sales figures ranged from a low of $1,559,407 to a high of $3,975,196

Note 3C 46 out of 127 (or 36 2%) combined Franchised Restaurant and Affiliate-Owned Restaurants exceeded the Total Combined Average Gross Sales Amount of $2,049,655

CHART 4 BREAKDOWN OF AVERAGE OPERATING COSTS FOR AFFILIATE-OWNED RESTAURANTS OPEN AND OPERATING DURING OUR FISCAL YEAR ENDED APRIL 28, 2019

Operations Costs	Percentage of Gross Sales	Median	High	Low
Direct Labor[1]	23 0%	24 0%	27 6%	19 1%
Indirect Labor[2]	6 8%	7 2%	9 6%	4 4%
Payroll Related[3]	7 7%	7 3%	10 4%	7 7%
Cost of Goods Sold[4]	33 0%	33 2%	34 7%	31 9%
Utilities[5]	3 4%	3 3%	4 7%	2 2%
Other[6]	5 2%	5 4%	7 4%	3 1%
Repair and Maintenance	1 3%	1 6%	2 0%	0 6%
Total Operating Cost[7]	80 4%	83 8%	91 5%	71 3%

1 Direct labor includes hourly wages only

2 Indirect labor includes manager wages and discretionary bonuses

3 Payroll related includes taxes, benefits, bonuses and worker's compensation Benefits include holiday pay, vacation pay and health insurance Your benefits package to employees may include some, all or none of these expenses

Note The amount of the total payroll (31 5%) does not include individual compensation to a franchisee since the figures are only from affiliate-owned Restaurants The total amount of wages for your employees and managers at a particular location will vary according to local wages, the number of employees and the number of hours that the Restaurant is open for business You must make labor and wage determinations based on your market, experience, and other factors

4 Cost of goods includes all food items and beverages (alcoholic and non-alcoholic) and paper products

5 Utilities include water/sewer, electrical, gas, internet and telephone

6 Other controllables include, but are not limited to, credit card fees, bank fees, trash service, small wares, landscaping and other

7 A franchisee will incur other expenses of doing business which are likely to be significant and which vary among franchisees You will be required to pay royalty fees, marketing contributions, local advertising expenditures, as well as cooperative contributions Among the additional categories of expenses which franchisees may incur include, but will not necessarily be limited to, the following rent and occupancy costs, franchisee compensation over and above that earned from the operations of the Restaurant business (such as a salary that a franchisee may pay to himself/herself), voluntary employee benefits, such as health, vacation, and pension plan contributions, debt service, insurance, business and regulatory fees and licenses, ongoing and supplemental training expenses, and bookkeeping and other professional services

8 These numbers are not the total sum of the median, high and low columns, but rather the 91 5% represents the total costs for the highest cost restaurant and the 71 3% represents the total costs for the lowest cost restaurant

This Item 19 is provided as reference information to conduct your own analysis only, and for your use with other information

Some outlets have sold and/or earned this much Your individual results may differ There is no assurance that you'll sell and/or earn as much

Other than the preceding financial performance representation, Sizzler USA Franchise, Inc does not make any financial performance representations We also do not authorize our employees or representatives to make any such representations either orally or in writing If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Mr Forbes Collins, 25910 Acero Drive, Suite 350, Mission Viejo, CA 92691, telephone (949) 491-8399, the Federal Trade Commission and the appropriate state regulatory agencies

You should pay particular attention to the following

You are responsible for developing your own business plan for your Restaurant, including capital budgets, financial statements, projections and other elements appropriate to your particular circumstances This information is provided as reference information only for your use with other information We urge you to consult with your financial, business, tax, accounting and legal advisors about the information contained in this Item 19 We also encourage you to contact existing Restaurant operators to discuss the business Characteristics of the Restaurants included in this Item 19 financial performance representation that may differ from those of a new Restaurant are primarily related to the age of the existing Restaurants and the surrounding trade area of those existing Restaurants A number of existing Restaurants also have not remodeled their Restaurants in recent years

Written substantiation for the financial performance representation will be made available to the prospective franchisee upon reasonable request

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

Table No 1
System-Wide Outlet Summary
For Years 2017 - 2019*

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Franchised	2017	121	120	-1

	2018	120	119	-1
	2019	119	116	-3
Affiliate-Owned**	2017	17	15	-2
	2018	15	14	-1
	2019	14	13	-1
Total Outlets	2017	138	135	-3
	2018	135	133	-2
	2019	133	129	-4

* For fiscal years ending April 30, 2017, April 29, 2018 and April 28, 2019

** We do not operate and have never operated Sizzler® Restaurants However, our affiliates operate Sizzler® Restaurants in the United States under license agreements

Table No 2
Transfers of Outlets from Franchisees to New Owners
(Other than the Company) For Years 2017 - 2019*

Column 1 State	Column 2 Year	Column 3 Number of Transfers
California	2017	1
	2018	1
	2019	0
Nevada	2017	0
	2018	1
	2019	0
Washington	2017	0
	2018	2
	2019	0
Total	**2017**	**1**
	2018	**4**
	2019	**0**

* For fiscal years ending April 30, 2017, April 29, 2018 and April 28, 2019 States not listed had no transfer activity to report during the relevant timeframe

Table No 3
Status of Franchised Outlets
For Years 2016 - 2018*

Column 1 State	Col 2 Year	Col 3 Outlets at Start of Year	Col 4 Outlets Opened	Col 5 Terminations	Col 6 Non-Renewals	Column 7 Reacquired by Company	Col 8 Ceased Operations – Other Reasons	Col 9 Outlets at End of the Year
Arizona	2017	5	0	0	0	0	1	4
	2018	4	0	0	0	0	0	4
	2019	4	0	0	0	0	0	4
California	2017	70	3	0	0	0	2	71
	2018	71	1	0	0	0	0	72
	2019	72	1	0	0	0	4	69
Florida	2017	1	0	0	0	0	0	1

Column 1 State	Col 2 Year	Col 3 Outlets at Start of Year	Col 4 Outlets Opened	Col 5 Termi-nations	Col 6 Non-Renewals	Column 7 Reacquired by Company	Col 8 Ceased Opera-tions – Other Reasons	Col 9 Outlets at End of the Year
	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
Idaho	2017	6	0	0	0	0	0	6
	2018	6	0	0	0	0	0	6
	2019	6	0	0	0	0	0	6
Nevada	2017	1	0	0	0	0	0	1
	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
New Mexico	2017	1	0	0	0	0	0	1
	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
Oregon	2017	10	0	0	0	0	1	9
	2018	9	0	0	0	0	1	8
	2019	8	0	0	0	0	0	8
Utah	2017	11	0	0	0	0	0	11
	2018	11	0	0	0	0	1	10
	2019	10	0	0	0	0	0	10
Washington	2017	3	0	0	0	0	0	3
	2018	3	0	0	0	0	0	3
	2019	3	0	0	0	0	0	3
Puerto Rico	2017	13	0	0	0	0	0	13
	2018	13	0	0	0	0	0	13
	2019	13	0	0	0	0	0	13
Total	**2017**	**121**	**3**	**0**	**0**	**0**	**4**	**120**
	2018	**120**	**1**	**0**	**0**	**0**	**2**	**119**
	2019	**119**	**1**	**0**	**0**	**0**	**4**	**116**

* For fiscal years ending April 30, 2017, April 29, 2018 and April 28, 2019 If multiple events occurred affecting an outlet, this table shows the event that occurred last in time

Table No 4
Status of Affiliate Owned Outlets
For Years 2017 - 2019*

Column 1 State	Col 2 Year	Col 3 Outlets at Start of Year	Column 4 Outlets Opened	Column 5 Outlets Reacquired from Franchisee	Column 6 Outlets Closed	Column 7 Outlets Sold to Franchisee	Column 8 Outlets at End of the Year
California	2017	17	0	0	1	1	15
	2018	15	0	0	1	0	14
	2019	14	0	0	1	0	13
Totals	**2017**	**17**	**0**	**0**	**1**	**1**	**15**
	2018	**15**	**0**	**0**	**1**	**0**	**14**
	2019	**14**	**0**	**0**	**1**	**0**	**13**

* For fiscal years ending April 30, 2017, April 29, 2018 and April 28, 2019 States not listed had no affiliate-owned outlets to report during the relevant timeframe

Table No 5
Projected Openings As of April 28, 2019

Column 1 State	Column 2 Franchise Agreements Signed But Outlet Not Opened	Column 3 Projected New Franchise Outlets in the Next Fiscal Year	Column 4 Projected New Affiliate-Owned Outlets in the Next Fiscal Year
All States	0	0	0
Total	**0**	**0**	**0**

Included in this disclosure document as Exhibit E is a list of all operational SIZZLER® franchisees as of our most recently completed fiscal year Exhibit E also contains a list of the name, city and state, and business telephone number (or, if unknown, the last known home telephone number) of every franchisee who had an outlet terminated, canceled, not renewed, transferred, or otherwise voluntarily or involuntarily ceased to do business under a Franchise Agreement during the most recently completed fiscal year, or who has not communicated with us within 10 weeks of the application date If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system

Exhibit E also identifies six franchises in Idaho and ten franchises in Utah operated by Sizzling Platter, Inc The list also identifies one franchise in Utah operated by Dedco, Inc Sizzling Platter, Inc and Dedco, Inc are sub-franchisees of Marjorie L Minshew Mrs Minshew holds a Statewide License for Utah and Idaho and is the Franchisee of all Sizzler® Restaurants in Utah and Idaho

During the last three fiscal years, we have entered into confidentiality clauses or agreements with franchisees that restrict their ability to communicate with you In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with the Sizzler USA franchise system You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you

There is an independent franchise association (National Sizzler Franchise Association), but it has not asked to be included in this Disclosure Document and it has not been created, sponsored or endorsed by us

ITEM 21
FINANCIAL STATEMENTS

Attached to this Disclosure Document as Exhibit B are the audited financial statements of Sizzler USA Acquisition, Inc ("SUSA Acquisition") for its fiscal years ending April 28, 2019, April 29, 2018 and April 30, 2017 SUSA Acquisition absolutely and unconditionally guarantees the performance of our obligations to franchisees under the Franchise Agreement and Area Development Agreement The Guarantee of Performance is on file with the office of the administrator of the state franchise law in some states where we have registered this offering and is attached to this Disclosure Document as part of Exhibit B

ITEM 22
CONTRACTS

This Disclosure Document includes a sample of the following contracts

Exhibit C -	Franchise Agreement (including Appendices A-Trademarks, B-Designated Area, C-Addendum to Lease, D-Electronic Transfer of Funds Authorization, E-Gift Cards Participation Agreement)
Exhibit D -	Area Development Agreement
Exhibit F -	Form of Sublease Agreement
Exhibit G -	Form of Asset Purchase Agreement
Exhibit I -	Form Release Agreement

ITEM 23
RECEIPT

Attached to this Disclosure Document as Exhibit K is a detachable acknowledgment of receipt

EXHIBIT A

LIST OF STATE AGENCIES AND AGENTS FOR SERVICE OF PROCESS

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
CALIFORNIA	Department of Business Oversight 1515 K Street Suite 200 Sacramento, CA 95814 (866) 275-2677	Department of Business Oversight Commissioner 1515 K Street Suite 200 Sacramento, CA 95814
ILLINOIS	Office of the Attorney General Franchise Division 500 South Second Street Springfield, IL 62706 (217) 782-1090	Illinois Attorney General 500 South Second Street Springfield, IL 62706
WASHINGTON	Department of Financial Institutions Securities Division 150 Israel Road SW Tumwater, WA 98501 (360) 902-8700	Same (or physical address is) 150 Israel Road SW Tumwater, WA 98501

EXHIBIT C

Franchise Agreement (including Appendices and State Addenda)

Sizzler® Franchise Agreement

Between

Sizzler USA Franchise, Inc
25910 Acero Drive, Suite 350
Mission Viejo, California 92691

And

____

____
Name of Franchisee(s)

____
Street Address

____
City State Zip Code

____
Phone Number

Authorized Location

____
Street

____
City State Zip Code

Effective Date

____
(To be completed by us)

--TABLE OF CONTENTS--

SIZZLER® FRANCHISE AGREEMENT

SIZZLER® FRANCHISE AGREEMENT

This Franchise Agreement is made this ____ day of ___________, 20__ between SIZZLER USA FRANCHISE, INC , a Delaware corporation with its principal business located at 25910 Acero Drive, Suite 350, Mission Viejo, California 92691 ("we" or "us"), and ___________________________, a(n) ____________________ whose principal business address is ______________________________________ ("franchisee" or "you") If the franchisee is a corporation, partnership, limited liability company or other legal entity, certain provisions to this Agreement also apply to its owners

RECITALS

A We and our affiliates have developed a unique system for mid-scale, casual dining restaurants that feature steak, seafood, poultry, salad bar, unique food service and other products, beverages and services using certain standards and specifications,

B Many of the food and beverage products are prepared according to specified recipes and procedures, some of which include proprietary sauces and mixes,

C We or our affiliates own the SIZZLER® Trademark and other trademarks used in connection with the operation of a SIZZLER® restaurant, and we are in the business of licensing to others the right to develop and operate SIZZLER® restaurants, and

D You desire to develop and operate a SIZZLER® restaurant and we, in reliance on your representations, have approved your franchise application

In consideration of the foregoing and the mutual covenants and consideration below, you and we agree as follows

DEFINITIONS

1 For purposes of this Agreement, the terms below have the following definitions

A "Gross Sales" includes the total revenues and receipts from the sale of all products, services and merchandise sold in your Restaurant whether under any of the Trademarks or otherwise, including any cover charges or fees, vending or similar activities in your Restaurant or on its premises as well as all license and use fees Gross Sales excludes sales taxes

B "Menu Items" means the steak, seafood, poultry, salad bar, and other products and beverages prepared according to our specified recipes and procedures, as we may modify and change them from time to time

C "Operating Principal" means the individual who has the authority to, and does in fact, actively direct your business affairs in regard to the Restaurant, is responsible for overseeing the general management of the day-to-day operations of the Restaurant and has authority to sign on your behalf on all contracts and commercial documents The Operating Principal is identified on the Ownership and Management Addendum attached to this Agreement

D "Principal Owner" means any person or entity who, now or hereafter, directly or indirectly owns a 10% or greater interest in the franchisee when the franchisee is a corporation, limited liability company, partnership, or a similar entity However, if we are entering into this Agreement totally or partially based on the financial qualifications, experience, skills or managerial qualifications of any person or entity who directly or indirectly owns less than a 10% interest in the franchisee, we have the right to designate that person or entity as a Principal Owner for all purposes under this Agreement In addition, if the franchisee is a partnership entity, then each person or entity who, now or hereafter is or becomes a general partner is a Principal Owner, regardless of the percentage ownership interest If the franchisee is one or more individuals, each individual is a Principal Owner of the franchisee Each franchisee must have at least one Principal Owner Your Principal Owner(s) are identified on the Ownership and Management Addendum attached to this Agreement Every time there is a change in the persons who are your Principal Owners, you must, within 10 days from the date of each such change, update the Ownership and Management Addendum As used in this Agreement, any reference to Principal Owner includes all Principal Owners

E "Restaurant" means the SIZZLER® Restaurant you develop and operate in accordance with this Agreement

F "System" means the SIZZLER® System, which consists of distinctive food and beverage products prepared according to special and confidential recipes and formulas with unique storage, preparation, service and delivery procedures and techniques, offered in a setting of distinctive exterior and interior layout, design and color scheme, signage, furnishings and materials and using certain distinctive types of facilities, equipment, supplies, ingredients, business techniques, methods and procedures together with sales promotion programs, all of which we may modify and change from time to time

G "Trademarks" means the SIZZLER® Trademark and Service Mark that have been registered in the United States and elsewhere and the trademarks, service marks and trade names as identified on Appendix A, as we may modify and change from time to time, and the trade dress and other commercial symbols used in the Restaurant Trade dress includes the designs, color schemes and image we authorize you to use in the operation of the Restaurant from time to time

H "Unit General Manager" means the individual who (i) personally invests his or her full time and attention and devotes his or her best efforts to the on-premises general management of the day-to-day operations of the Restaurant and (ii) meets our training requirements The Unit General Manager must be appointed at least 60 days prior to the Restaurant opening and fully trained 20 days prior to the Restaurant opening

GRANT OF LICENSE

2 The following provisions control with respect to the license granted hereunder

A Authorized Location We grant to you the right and license to establish and operate a retail Restaurant identified by the SIZZLER® Trademarks or such other marks as we may direct, to be located at ______________________________ or a location to be designated within 90 days from the date of this Agreement (the "Authorized Location") When a location has been designated by you and approved by us, it will become part of this subparagraph 2 A as if originally stated You acknowledge and agree that our approval of a site does not constitute a warranty of any kind, express or implied, as to the suitability of the site for your Restaurant You acknowledge and agree that your acceptance of a franchise for the operation of a Restaurant at this Authorized Location is based on your own independent investigation If an Authorized Location is not designated by you and approved by us within 90 days from the date of this Agreement, we have the right to declare this Agreement null and void without the return of any Initial Franchise Fee or other amounts paid to us You accept the license and undertake the obligation to operate the Restaurant at the Authorized Location using the Trademarks and the System in compliance with the terms and conditions of this Agreement

B Designated Area You must locate and operate the Restaurant at an Authorized Location within the area described in Appendix B (the "Designated Area") We and our affiliates will not locate and operate or grant to anyone else a franchise to locate and operate a SIZZLER® restaurant within the Designated Area so long as this Agreement is in effect, except as provided in subparagraph 2 D You do not have any right to sublicense or subfranchise within or outside of the Designated Area and do not have the right to operate more than one Restaurant within the Designated Area

C Opening You agree that the Restaurant will be open and operating by the required open date ("Required Open Date") If you are entering this Agreement in accordance with an Area Development Agreement executed between you and us, the Required Open Date is defined in the Development Schedule If you are not entering this Agreement in accordance with an Area Development Agreement, you and we agree that the Required Open Date is _______ If you fail to have your Restaurant open and in operation according to the provisions of this subparagraph 2 C, we will have the right to terminate this Agreement without opportunity to cure as stated in subparagraph 13 B 2

D Nonexclusivity, Our Reservation of Rights The license is limited to the right to develop and operate one Restaurant at the Authorized Location located in the Designated Area, and does not include (i) any right to sell products and Menu Items identified by the Trademarks at any location other than the Authorized Location, except for authorized catering services as noted in subparagraph 2 E, or through any other channels or methods of distribution, including the internet (or any other existing or future form of electronic commerce), (ii) any right to sell products and Menu Items identified by the Trademarks to any person or entity for resale or further distribution, or (iii) any right to exclude, control or impose conditions on our development of future franchised, company or affiliate owned restaurants at any time or at any location You acknowledge that the consumer service area or trade area of another SIZZLER® restaurant may overlap with your Designated Area

You also acknowledge and agree that we and our affiliates have the right to operate and franchise others the right to operate restaurants or any other business within and outside the Designated Area under trademarks other than the SIZZLER® Trademarks, without compensation to any franchisee, except that our operation of, or association or affiliation with, restaurants (through franchising or otherwise) in the Designated Area that compete with SIZZLER® restaurants in the mid-scale, casual dining restaurant segment will only occur through some form of merger or acquisition with an existing restaurant chain (except as otherwise provided for in this subparagraph) Outside of the Designated Area, we and our affiliates have the right to grant other franchises or develop and operate company or affiliate owned SIZZLER® restaurants, regardless of the proximity of such restaurants to your Restaurant or Designated Area

We and our affiliates have the right to offer, sell or distribute, within and outside the Designated Area, any products or services, including frozen, pre-packaged items or other products or services associated with the System (now or in the future) or identified by the Trademarks, or any other trademarks, service marks or trade names, except for Prohibited Items (as defined below), through any distribution channels or methods, without compensation to any franchisee The distribution channels or methods include, without limitation, grocery stores, club stores, convenience stores, wholesale, hospitals, clinics, health care facilities, business or industry locations (e g manufacturing site, office building), military installations, military commissaries or the internet (or any other existing or future form of electronic commerce) The Prohibited Items are the following items that we will not sell in the Designated Area through other distribution channels or methods any retail food service Menu Items that are cooked or prepared to be served to the end user or customer for consumption at the retail location For example, poultry items cooked and served to customers at a grocery store or convenience store would be a Prohibited Item, but the sale of frozen or pre-packaged poulty items at a grocery store or convenience store would be a permitted form of distribution in the Designated Area

You acknowledge and agree that certain locations within and outside the Designated Area are by their nature unique and separate in character from sites generally developed as SIZZLER® restaurants As a result, you agree that the following locations ("Special Sites") are excluded from the Designated Area and we have the right to develop, license or franchise such locations (1) military bases, (2) public transportation facilities, including, without limitation, airports and other transportation terminals (3) sports facilities, including race tracks, (4) student unions or other similar buildings on college or university campuses, (5) amusement and theme parks, and (6) community and special events

E Catering You may not engage in catering services and activities within or outside of the Designated Area, unless we authorize you in writing, as further described in subparagraph 6 L We and our affiliate companies will not engage in catering services and activities in the Designated Area, however, we have no obligation to enforce similar covenants against any other franchisee You may not offer delivery services from the Restaurant under any circumstances

TRADEMARK STANDARDS AND REQUIREMENTS

3 You acknowledge and agree that the Trademarks are our or our affiliates' valuable property and we have the right to sublicense the Trademarks to others You further acknowledge that your right to use the Trademarks is specifically conditioned upon the following

A Trademark Ownership The Trademarks are our or our affiliates' valuable property, and we or an affiliate is the owner of all right, title and interest in and to the Trademarks and all past, present or future goodwill of the Restaurant and of the business conducted at the Authorized Location that is associated with or attributable to the Trademarks Your use of the Trademarks will inure to our and our affiliates' benefit You may not, during or after the term of this Agreement, engage in any conduct directly or indirectly that would infringe upon, harm or contest our or our affiliates' rights in any of the Trademarks or the goodwill associated with the Trademarks, including any use of the Trademarks in a derogatory, negative, or other inappropriate manner in any media, including but not limited to print or electronic media

B Trademark Use You may not use, or permit the use of, any trademarks, trade names or service marks in connection with the Restaurant except those identified in Appendix A or except as we otherwise direct in writing You may use the Trademarks only in connection with such products and services as we specify and only in the form and manner we prescribe in writing You must comply with all trademark, trade name and service mark notice marking requirements You may use the Trademarks only in association with products and services approved by us and that meet our standards or requirements with respect to quality, mode and condition of storage, production, preparation and sale, and portion and packaging

C Restaurant Identification You must use the name SIZZLER® as the trade name of the Restaurant and you may not use any other mark or words to identify the Restaurant without our prior written consent You may not use the word "Sizzler" or any of the other Trademarks as part of the name of your corporation, partnership, limited liability company or other similar entity You may use the Trademarks on various materials, such as business cards, stationery and checks, provided you (i) accurately depict the Trademarks on the materials as we prescribe, (ii) include a statement on the materials indicating that the business is independently owned and operated by you, (iii) do not use the Trademarks in connection with any other trademarks, trade names or service marks unless we specifically approve in writing prior to such use, and (iv) make available to us, upon our request, a copy of any materials depicting the Trademarks You must post a prominent sign in the Restaurant identifying you as a SIZZLER® franchisee in a format we deem reasonably acceptable, including an acknowledgment that you independently own and operate the Restaurant and that the SIZZLER® Trademark is owned by our parent company and your use is under a license we have issued to you All your internal and external signs must comply at all times with our outdoor/indoor guidelines and practices, as they are modified from time to time

D Litigation In the event any person or entity improperly uses or infringes the Trademarks or challenges your use or our use or ownership of the Trademarks, we will control all litigation and we have the right to determine whether suit will be instituted, prosecuted or settled, the terms of settlement and whether any other action will be taken You must promptly notify us of any such use or infringement of which you are aware or any challenge or claim arising out of your use of any Trademark You must take reasonable steps, without compensation, to assist us with any action we undertake We will be responsible for our fees and expenses with any such action, unless the challenge or claim results from your misuse of the Trademarks in violation of this Agreement, in which case you must reimburse us for our fees and expenses

E Changes You may not make any changes or substitutions to the Trademarks unless we direct in writing We reserve the right to change the Trademarks at any time Upon receipt of our notice to change the Trademarks, you must cease using the former Trademarks and commence using the changed Trademarks, at your expense If the changes to the Trademarks result in a required change to outdoor signage, such changes will be subject to the provisions in 5 F

TERM AND RENEWAL

4 The following provisions control with respect to the term and renewal of this Agreement

A Term The initial term of this Agreement commences on the Effective Date (as defined in Section 15 Q) and expires 20 years after the Restaurant opens for business or the Required Open Date, which ever happens first, unless this Agreement is sooner terminated in accordance with Paragraph 13

B Renewal Term and Conditions of Renewal You may renew your license for one renewal term equal to 10 years, provided that (i) you have given us written notice of your decision to renew at least 6 months but not more than 12 months prior to the end of the expiring term, (ii) you sign our then-current form of franchise agreement (modified to reflect no additional renewal term upon expiration and other modifications to reflect that the agreement relates to the grant of a renewal), the terms of which may differ from this Agreement, including higher fees, (iii) you have complied with the provisions of subparagraph 5 E regarding modernization and you perform any further items of modernization and/or replacement of the building, premises, trade dress, equipment and grounds as may be necessary for your Restaurant to conform to the standards then applicable to new SIZZLER restaurants, regardless of the cost of such modernizations and/or replacements, unless we determine that you should relocate your Restaurant because your Authorized Location no longer meets our then-current site criteria, in which case you must comply with the 90 and 270 day relocation requirements of subparagraph 5 D, (iv) you are not in default of this Agreement or any other agreement pertaining to the franchise granted, have satisfied all monetary and material obligations on a timely basis during the term and are in good standing, (v) if leasing the Restaurant premises (and not subject to relocation under (iii) above), you have renewed the lease and have provided written proof of your ability to remain in possession of the premises throughout the renewal period, (vi) you comply with our then-current training requirements, (vii) you pay us, at least 30 days prior to the end of the expiring term, a renewal fee in the amount of $7,500, and (viii) you and your Principal Owners and guarantors execute a general release of claims in a form we prescribe

C Relocation Upon Renewal If, as a condition of renewal, we require you to relocate your Restaurant in accordance with subparagraph 4 B(iii) above, you may renew your franchise rights for 20 years plus one renewal term of 10 years, provided that with respect to the renewal, you meet all conditions stated in subparagraph 4 B

FACILITY STANDARDS AND MAINTENANCE

5 You acknowledge and agree that we have the right to establish, from time to time, quality standards regarding the business operations of SIZZLER® restaurants and stores to protect the distinction, goodwill and uniformity symbolized by the Trademarks and the System Accordingly, you agree to maintain and comply with our quality standards and agree to the following terms and conditions

A Restaurant Facility, Site Under Control You are responsible for purchasing or leasing a site that meets our site selection criteria You must obtain our written consent to the site Prior to granting our acceptance of a site, we may require you to evaluate the site with a specific software application or method from any vendor we designate If required, you must have the site evaluated within the timeframe and manner as stated in the Manuals Further, you must pay all fees (if any) to access any required software application You may not use the Restaurant premises or Authorized Location for any purpose other than the operation of a SIZZLER® Restaurant during the term of this Agreement We make no guarantees concerning the success of the Restaurant located on any site to which we consent

You may not open your Restaurant for business until we have notified you in writing that you have satisfied your pre-opening obligations as stated in subparagraphs 5 A and 5 B and we have approved your opening date We are not responsible or liable for any of your pre-opening obligations, losses or expenses you might incur for your failure to comply with these obligations or your failure to open by a particular date We also are entitled to injunctive relief or specific performance under subparagraph 12 C for your failure to comply with your obligations

In the event that you plan to enter into any type of lease for the Restaurant premises, you and your landlord must sign the Lease Addendum attached as Appendix C We recommend you submit the Lease Addendum to the landlord at the beginning of your lease review and negotiation, although the terms of the Lease Addendum may not be negotiated without our prior approval If the landlord requires us to negotiate the Lease Addendum, we reserve the right to charge you a fee, which will not exceed our actual costs associated with the negotiation You must provide us a copy of the executed lease and Lease Addendum within 5 days of its execution We have no responsibility for the lease, it is your sole responsibility to evaluate, negotiate and enter into the lease for the Restaurant premises

You must execute, and provide us an executed copy of your lease (including an executed copy of the Lease Addendum) or the purchase agreement for the selected and approved site for your Restaurant within 120 days from the date of execution of this Agreement If you fail to have your "site under control" (execute the lease or the purchase agreement within the periods as stated in this subparagraph), we will have the right to terminate this Agreement without opportunity to cure in accordance with subparagraph 13 B 2

B Construction, Future Alteration You must construct and equip the Restaurant in strict accordance with our current approved specifications and standards pertaining to equipment, inventory, signage, fixtures, furnishings, accessory features and design and layout of the building You may not commence construction of the Restaurant until you have received our written consent to your building plans If your Restaurant is not constructed strictly according to the previously consented building plans, we will not approve your Restaurant for opening You will have 30 days from the date we deny our approval for opening your Restaurant to correct all the construction problems so that your

Restaurant is strictly constructed according to the consented building plans If you fail to correct the problems within the 30-day period we may immediately terminate this Agreement in accordance with subparagraph 13 B 2 If the Restaurant opening is delayed for the foregoing reasons, you will be responsible for any losses and costs related to such delay

Without limiting the generality of the prior paragraph, you must promptly after obtaining possession of the site for the Restaurant (i) retain the services of an architect we designate, (ii) retain the services of a general contractor that has successfully gone through our application process or otherwise been approved by us in writing (although if this Agreement is for your first SIZZLER® restaurant or if you or any of your affiliates have failed to timely open any other SIZZLER® restaurant in accordance with the terms of any franchise agreement with us, we may require you to use a general contractor we designate), (iii) have prepared and submitted for our approval a site survey and basic architectural plans and specifications (not for construction) consistent with our general atmosphere, image, color scheme and ambience requirements as stated from time to time in the manuals for a SIZZLER® restaurant (including requirements for dimensions, exterior design, materials, interior design and layout, equipment, fixtures, furniture, signs and decorating), (iv) purchase or lease and then, in the construction of the Restaurant, use only the approved building materials, equipment, fixtures, furniture and signs, (v) complete the construction and/or remodeling, equipment, fixtures, furniture and sign installation and decorating of the Restaurant in full and strict compliance with plans and specifications we approve and all applicable ordinances, building codes and permit requirements without any unauthorized alterations, (vi) obtain all customary contractors' sworn statements and partial and final waiver, (vii) obtain all necessary permits, licenses and architectural seals and comply with applicable legal requirements relating to the building, signs, equipment and premises, including, but not limited to, the Americans With Disabilities Act, and (viii) obtain and maintain all required zoning changes, building, utility, health, sanitation, liquor and sign permits and licenses and any other required permits and licenses (if this Agreement is for your first SIZZLER® restaurant or if in any previous franchise agreement executed between you or any of your affiliates and us, you or any of your affiliates have not met your obligations regarding the build out of any previous SIZZLER® restaurant, we reserve the right to require you to retain the services of a company specialized in assisting restaurant operators during the construction process to assist you in submitting, processing, monitoring and obtaining in a timely manner all necessary construction documents, licenses and permits and to advise you throughout the construction of your Restaurant) It is your responsibility to comply with the foregoing conditions

If this is not your first SIZZLER® restaurant and you have opened all others on a timely basis, you may request that we approve a general contractor that is not on our current list of approved suppliers You, your affiliates or your Principal Owners, or any person related to, or any entity controlled by your Principal Owners may not be your general contractor unless you have requested our approval and we have approved your request If you have signed an Area Development Agreement for 8 or more restaurants, you also may request approval of an architect that is not on our list of approved suppliers

Any change to the building plans or any replacement, reconstruction, addition or modification in the building, interior or exterior decor or image, equipment or signage of the Restaurant to be made after our consent is granted for initial plans, whether at the request of you or of us, must be made in accordance with specifications that have received our prior written consent You may not commence such replacement, reconstruction, addition or modification until you have received our written consent to your revised plans

You must begin substantial construction (site work, utility infrastructure and building erection) of the Restaurant at least 150 days before the deadline to open the Restaurant if the Restaurant will be in a free standing location or at least 120 days before the deadline to open the

Restaurant if the Restaurant will be in a non-free standing location We may require you to provide us weekly development and construction progress reports in the form we designate from the date you begin development until the date you open the Restaurant For instance, you may be required to contact the designated project manager and provide construction manual checklists and digital photos during construction on a weekly basis In addition, on or before the deadlines to start construction you must submit to us executed copies of any loan documents and any other document that proves that you have secured adequate financing to complete the construction of the Restaurant by the date you are obligated to have the Restaurant open and in operation In the event that you fail to begin construction or to secure financing under the terms of this paragraph, we will have the right to terminate this Agreement without opportunity to cure in accordance with subparagraph 13 B 2

C <u>Maintenance</u> The building, equipment, fixtures, furnishings, signage and trade dress (including the interior and exterior appearance) employed in the operation of your Restaurant must be maintained and refreshed in accordance with our requirements established periodically and any of our reasonable schedules prepared based upon periodic evaluations of the premises by our representatives Within a period of 30-45 days (as we determine depending on the work needed) after the receipt of any particular report prepared following such an evaluation, you must effect the items of maintenance we designate, including the repair of defective items and/or the replacement of irreparable or obsolete items of equipment and interior signage If, however, any condition presents a threat to customers or public health or safety, you must effect the items of maintenance immediately, as further described in subparagraph 6 G The items of maintenance generally result from common wear and tear over a period of time, accidents or lack of care Examples include, but are not limited to, repairing or replacing HVAC equipment, plumbing and electrical systems that are not functioning properly, repairing a leaking roof, repairing or replacing broken operational equipment, refreshing general appearance items such as paint (interior and exterior) and landscaping, replacing worn carpet, furniture and other furnishings, and conducting routine maintenance of areas that affect the appearance of the Restaurant and goodwill of the Trademarks such as the appearance of the outdoor signage, the parking lot and dumpster area

D <u>Relocation</u> If you need to relocate because of condemnation, destruction, or expiration or cancellation of your lease for reasons other than your breach, we will grant you authority to do so at a site acceptable to us that is within your Designated Area, provided that (i) the new site has been evaluated in accordance with the protocol as stated in the operations manual, and you have paid any applicable fees, (ii) we have consented in writing to the new site, (iii) the new Restaurant is under construction within 90 days after you discontinue operation of the Restaurant at the Authorized Location, and (iv) the new Restaurant is open and operating within 180 days after construction commences, all in accordance with our then-current standards If you voluntarily decide to relocate the Restaurant, your right to relocate the Restaurant will be void and your interest in this Agreement will be voluntarily abandoned, unless you have given us notice of your intent to relocate not less than 60 days prior to closing the Restaurant, have procured a site that has been evaluated in accordance with the protocol as stated in the operations manual and accepted by us within 60 days after closing the prior Restaurant, have opened the new Restaurant for business within 150 days of such closure and complied with any other conditions that we reasonably require You must pay the costs of any relocation, and we reserve the right to charge you for any reasonable costs that we incur

In the event your Restaurant is destroyed or damaged and you repair the Restaurant at the Authorized Location (rather than relocate the Restaurant), you must repair and reopen the Restaurant at the Authorized Location in accordance with our then-current standards for the destroyed or damaged area within 270 days of the date of occurrence of the destruction or damage

You do not have the right to relocate in the event you lose the right to occupy the Restaurant premises because of the cancellation of your lease due to your breach The termination or cancellation of your lease due to your breach is grounds for immediate termination under subparagraph 13 B 2

E Modernization or Remodel You agree that you will make such capital improvements or modifications necessary to modernize, redecorate and upgrade your Restaurant to reflect the current image of new SIZZLER® restaurants as requested by Franchisor during the term of this Agreement We will not impose any new standards or specifications requiring structural changes or major remodeling of your Restaurant more frequently than once every five years

You must complete to our satisfaction any changes we require within a reasonable time, not to exceed 12 months from the date you are notified of any required changes, except for (i) outdoor signage as stated in subparagraph 5 F, and (ii) items of routine maintenance, repair and refreshing as stated in subparagraph 5 C

You acknowledge and agree that the requirements of this subparagraph 5 E are both reasonable and necessary to ensure continued public acceptance and patronage of SIZZLER® restaurants and to avoid deterioration or obsolescence in connection with the operation of the Restaurant If you fail to make any improvement as required by this subparagraph or perform the maintenance described in subparagraph 5 C, we may, in addition to our other rights in this Agreement, effect such improvement or maintenance and you must reimburse us for the costs we incur

Except for transfers under Subparagraph 11 G, every other transfer of any interest in this Agreement or your business governed by Paragraph 11 or any renewal covered by Paragraph 4 is expressly conditioned upon your compliance with these requirements at the time of transfer or renewal

F Signage The outdoor signage at your Restaurant must comply with our then-current specifications, which we may modify and change from time to time due to modifications to the System, including changes to the Trademarks You must make such changes to the outdoor signage as we require In any case, your failure to replace the signage within 15 months from the date of notification will constitute a default of this Agreement under Paragraph 13 Any upgrades to the type or size of your outdoor signage will be at your expense

PRODUCTS AND OPERATIONS STANDARDS AND REQUIREMENTS

6 You must implement and abide by our requirements and recommendations directed to enhancing substantial System uniformity The following provisions control with respect to products and operations

A Authorized Menu Your business must be confined to the preparation and sale of only such Menu Items and other food and beverage products as we designate and approve in writing from time to time for sale by your Restaurant You must offer for sale from the Restaurant all items and only those items listed as Menu Items and other approved food and beverage products You must offer the full Authorized Menu during all hours of operation We have the right to make modifications to these items from time to time, and you agree to comply with any modifications You may not offer or sell any other product or service at the Authorized Location without our prior written consent

B Authorized Products and Ingredients You must use in the operation of the Restaurant and in the preparation of Menu Items and other food and beverage products only the proprietary food items and mixes and other proprietary and non-proprietary ingredients, recipes, formulas, cooking techniques and processes and supplies, and must prepare and serve Menu Items and products in such portions, sizes, appearance, taste and packaging, all as we specify in our most current product preparation materials or otherwise in writing We will supply to you a copy of the current product preparation materials prior to opening the Restaurant You acknowledge and agree that we may change these periodically and that you are obligated to conform to the requirements All supplies, including containers, cups, plates, wrapping, eating utensils, and napkins, and all other customer service materials of all descriptions and types must meet our standards of uniformity and quality You acknowledge that the Restaurant must at all times maintain an inventory of ingredients, food and beverage products and other products, material and supplies that will permit operation of the Restaurant at maximum capacity

C Approved Supplies and Suppliers We will furnish to you from time to time lists of approved supplies or approved suppliers You must only use approved products, services, inventory, equipment, fixtures, furnishings, signs, advertising materials, trademarked items and novelties, and other items or services (collectively, "approved supplies") in connection with the design, construction and operation of the Restaurant as identified in the approved supplies and approved suppliers lists, as we may amend from time to time Although we do not do so for every item, we have the right to approve the manufacturer distributor and/or supplier of approved supplies and in some instances, require that you use designated sources or suppliers Along with a number of other approval criteria, to be an approved supplier, the supplier must have the ability to provide the product and/or service, on a national basis, to at least 80% of the then existing Restaurants You acknowledge and agree that certain approved supplies may only be available from one source, and we or our affiliates may be that source You will pay the then-current price in effect for all products and supplies that you purchase from us or our affiliates All inventory, products, materials and other items and supplies used in the operation of the Restaurant that are not included in the approved supplies or approved suppliers lists must conform to the specifications and standards we establish from time to time ALTHOUGH APPROVED OR DESIGNATED BY US, WE AND OUR AFFILIATES MAKE NO WARRANTY AND EXPRESSLY DISCLAIM ALL WARRANTIES, INCLUDING WARRANTIES OF MERCHANTABILITY AND FITNESS FOR ANY PARTICULAR PURPOSE, WITH RESPECT TO SERVICES, PRODUCTS, EQUIPMENT (INCLUDING, WITHOUT LIMITATION, ANY REQUIRED COMPUTER SYSTEMS), SUPPLIES, FIXTURES, FURNISHINGS OR OTHER APPROVED ITEMS IN ADDITION, WE DISCLAIM ANY LIABILITY ARISING OUT OF OR IN CONNECTION WITH THE SERVICES RENDERED OR PRODUCTS FURNISHED BY ANY SUPPLIER APPROVED OR DESIGNATED BY US OUR APPROVAL OR CONSENT TO ANY SERVICES, GOODS, SUPPLIERS, OR ANY OTHER INDIVIDUAL, ENTITY OR ANY ITEM SHALL NOT CREATE ANY LIABILITY TO US

D Computer System You must purchase and use any computer system that we develop or select for the Restaurant, including all future updates, supplements and modifications (the "Computer System") The Computer System will include all hardware and software used in the operation of the Restaurant, including electronic point-of-sale cash registers and back office programs used to record, analyze and report sales, labor, inventory and tax information, as well as ordering kiosks or equipment with similar functionality The computer software package developed for use in the Restaurant may include proprietary software You may be required to license the proprietary software from us, an affiliate or a third party and you also may be required to pay a software licensing or user fee in connection with your use of the proprietary software All right, title and interest in the software will remain with the licensor of the software The computer hardware component of the Computer System must conform to specifications we develop We reserve the right to designate a single source from whom you must purchase the Computer System You acknowledge and agree that we will have full and complete access to information and data entered and produced by the Computer System You must, at all times, have at the Authorized Location internet access with a form of high speed connection as we require and you must maintain (i) an email account for our direct correspondence with the Operating Principal, and (ii) a separate email account for the Restaurant

E Serving and Promotional Items All sales promotion material, customer goodwill items, cartons, containers, wrappers and paper goods, eating and serving utensils and other items, and customer convenience items used in the sales promotion, sale and distribution of products covered by this Agreement are subject to our approval and must, where practicable, contain one or more of the Trademarks We may require you to carry and offer for sale in the Restaurant a representative supply of approved trademarked clothing and other novelty items, including special promotional items that we develop and market from time to time

F Health and Sanitation Your Restaurant must be operated and maintained at all times in compliance with any and all applicable health and sanitary standards prescribed by governmental authority You also must comply with any standards that we prescribe In addition to complying with such standards, if the Restaurant is subject to any sanitary or health inspection by any governmental authorities under which it may be rated in one or more than one classification, it must be maintained and operated so as to be rated in the highest available health and sanitary classification with respect to each governmental agency inspecting the same In the event you fail to be rated in the highest classification or receive any notice that you are not in compliance with all applicable health and sanitary standards, you must immediately notify us of such failure or noncompliance

G Evaluations We or our authorized representative have the right to enter your Restaurant at all reasonable times during the business day for the purpose of making periodic evaluations and to ascertain if the provisions of this Agreement are being observed by you, to inspect and evaluate your building, land and equipment, and to test, sample, inspect and evaluate your supplies, ingredients and products, as well as the storage, preparation and formulation and the conditions of sanitation and cleanliness in the storage, production, handling and serving If we determine that any condition in the Restaurant presents a threat to customers or public health or safety, we may take whatever measures we deem necessary, including requiring you to immediately close the Restaurant until the situation is remedied to our satisfaction Our inspections and evaluations may include a "mystery shopper" and/or other form of customer satisfaction survey program, as well as one or more food safety inspection programs, from time to time throughout the term of this Agreement We may hire various vendors who send "mystery shoppers" into (or otherwise conduct customer satisfaction surveys of patrons of) the SIZZLER® restaurants We reserve the right to require you to pay for the cost of such evaluations directly, or to reimburse us for our costs to have such evaluations of your Restaurant conducted Any evaluation or inspection we conduct is not intended to exercise, and does not constitute, control over your day-to-day operation of the Business or to assume any responsibility for your obligations under this Agreement

H Period of Operation Subject to any contrary requirements of local law, your Restaurant must be opened to the public and operated with the full Authorized Menu from 11 00 a m to 9 00 p m each day of the year, although you have the option to close your Restaurant, with prior notification to us, on Thanksgiving and Christmas Day Any variance from this provision must be authorized by us in writing You acknowledge and agree that if your Restaurant is closed for a period of 2 consecutive days or 5 or more days in any 12-month period without our prior written consent, such closure constitutes your voluntary abandonment of the franchise and business and we have the right, in addition to other remedies provided for herein, to terminate this Agreement Acts of force majeure, as defined in subparagraph 16 M, preventing you temporarily from complying with the foregoing, will suspend compliance for the duration of such interference

I Operating Procedures You must adopt and use as your continuing operational routine the required standards, service style, procedures, techniques and management systems described in our manuals or other written materials relating to product preparation, menu, storage, uniforms, financial management, equipment, facility and sanitation We will revise the manuals and these standards, procedures, techniques and management systems periodically to meet changing conditions of retail operation in the best interest of restaurants operating under the Trademarks Any required standards exist to protect our interests in the System and the Trademarks and not for the purpose of establishing any control or duty to take control over those matters that are reserved to you The required standards generally will be set forth in the Operations Manual or other written materials The Operations Manual also will include guidelines or recommendations in addition to required standards In some instances, the required standards will include recommendations or guidelines to meet the required standards You may follow the recommendations or guidelines or some other suitable alternative, provided you meet and comply with the required standards In other instances, no suitable alternative may exist In order to protect our interests in the System and Trademarks, we reserve the right to determine if you are meeting a required standard and whether an alternative is suitable to any recommendations or guidelines You must use your best efforts to promote and increase the sales and service of Menu Items and to effect the widest and best possible distribution throughout the Designated Area

You acknowledge having received one copy of the manuals on loan from us for the term of this Agreement You acknowledge and agree that the manuals and other system communications may only be available on the internet or other online or computer communications The manuals at all times are our sole property You must at all times treat the manuals, and the information they contain, as secret and confidential, and must use all reasonable efforts to maintain such information as secret and confidential We may from time to time revise the contents of the manuals and you expressly agree to comply with each new or changed requirement You must at all times ensure that your copy of the manuals are kept current and up to date, and in the event of any dispute as to the contents of said manuals, the terms of the master copy of the manuals that we maintain are controlling

J Confidential Information You, the Principal Owners, the Unit General Manager, your guarantors, officers, directors, members, managers, partners, employees or agents, or any other individual or entity related to, or controlled by, you may not, during the term of this Agreement or thereafter, disclose, copy, reproduce, sell or use any Confidential Information in any other business or in any manner not specifically authorized or approved in advance in writing by us For purposes of this Agreement, "Confidential Information" means the whole or any portion of know-how, knowledge, methods, specifications, processes, procedures and/or improvements regarding the business that is valuable and secret in the sense that it is not generally known to our competitors and any proprietary information contained in the manuals or otherwise communicated to you in writing, verbally or through the internet or other online or computer communications, and any other knowledge or know-how concerning the methods of operation of the Restaurant, as well as the content of this Agreement and any other document executed in connection with this Agreement Any and all Confidential Information, including, without limitation, proprietary ingredients, sauces and mixes, secret formulas and recipes, methods, procedures, suggested pricing, specifications, processes, materials, techniques and other data, may not be used for any purpose other than operating the Restaurant We may require that you obtain nondisclosure and confidentiality agreements in a form satisfactory to us from any persons owning a minority interest in the franchisee, the Principal Owners, the Unit General Manager and other key employees You must provide executed copies of these agreements to us upon our request Except as noted in the foregoing, you are authorized to disclose the terms of this Agreement to any lender providing you financing for the Restaurant as well as to your landlord

K Vending Services If you install or maintain on the premises any newspaper racks, video games, jukeboxes, gum machines, games, rides, vending machines, or other similar devices that do not meet with our approval, you must remove them within three days from receiving written notice from us Pool tables, cigarette vending machines, gambling and gaming machines or games of chance are not allowed unless you receive our prior written approval Any income from vending services in the Restaurant or on its premises, regardless of which person or entity collects the money, and regardless of whether we authorized you to install them, must be included in Gross Sales for purposes of your Royalty Fee, PMF Fee, and other fees required to be paid by you Upon our written approval, the money derived from services provided by charitable organizations or services that are for customer convenience, such as pay phones or cash machines, will not be included in Gross Sales

L Catering Services, Delivery If you want to offer catering service to customers, you must obtain our prior written approval, which we will not withhold unreasonably, although we reserve the right to require you to offer catering service to customers located within the Designated Area Any catering services must meet our written standards You also must charge the same price for products offered by the Restaurant whether catered by or sold in the Restaurant Any income from catering services must be included in Gross Sales for purposes of your Royalty Fee and other fees payable to us under this Agreement Under no circumstance may you offer delivery service from the Restaurant

M Compliance with Law, Licenses and Permits You must at all times maintain your premises and conduct your Restaurant operations in compliance with all applicable laws, regulations codes and ordinances You must secure and maintain in force all required licenses, including a liquor license that permits alcohol sales 7 days a week (full liquor Monday through Saturday and either full liquor or at least beer only on Sundays), permits and certificates relating to your Restaurant If your Restaurant is open and operating and a change occurs in applicable state or local law that does not permit liquor sales on Sundays, it will not be deemed a breach of this Agreement In the event your liquor license is suspended or revoked, in addition to our right to terminate this Agreement in accordance with subparagraph 13 B, we reserve the right to charge you the Royalty Fee on the Gross Sales you would have received on the lost liquor sales during the license suspension We will estimate the Gross Sales based on the prior year's Gross Sales for the suspension period

You acknowledge that you are an independent business and responsible for control and management of your Restaurant, including, but not limited to, the hiring and discharging of your employees and setting and paying wages and benefits of your employees You acknowledge that we have no power, responsibility or liability in respect to the hiring, discharging, setting and paying of wages or related matters

You must immediately notify us in writing of any claim, litigation or proceeding that arises from or affects the operation or financial condition of your SIZZLER® business or Restaurant, including any notices of health code violations or liquor license violations

N Participation in Internet Web Sites or Other Online Communications You must, at your expense, participate in our SIZZLER® web site on the internet, our intranet or extranet system, or other online communications as we may require For instance, you may be required to submit to us daily reports via our intranet system, as further described in subparagraph 9 H We have the right to determine the content and use of our web site, intranet and extranet systems and will establish the rules under which franchisees may or must participate You may not separately register any domain name containing any of the Trademarks nor participate in any web site that markets goods and services similar to a SIZZLER® restaurant We retain all rights relating to our web site, intranet and extranet systems and may alter or terminate our web site, intranet, and/or extranet systems Your general conduct on our web site, intranet and extranet systems or other online communications (and, specifically, your use of the Trademarks or any advertising) is subject to the provisions of this Agreement You acknowledge that certain information related to your participation in our web site, intranet and/or extranet systems may be considered Confidential Information, including access codes and identification codes Your right to participate in our web site, intranet and/or extranet systems, or otherwise use the Trademarks or System on the internet or other online communications, will terminate when this Agreement expires or terminates Absent our prior approval, you may not use or reference the Trademarks in any current or future social media applications, including, without limitation, Facebook, Twitter and MySpace

O System Modifications You acknowledge and agree that we have the right to modify, add to or rescind any requirement, standard or specification that we prescribe under this Agreement to adapt the System to changing conditions competitive circumstances, business strategies, business practices and technological innovations and other changes as we deem appropriate You must comply with these modifications, additions or rescissions at your expense, subject to the requirements of subparagraph 5 E and any other express limitations as stated in this Agreement All modifications, innovations and improvements to the System become our property regardless of who developed the innovation or improvement

P Suggested Pricing Policies We may, from time to time, make suggestions to you with regard to your pricing policies Except as noted in this Agreement, any suggestions, you have the sole and exclusive right as to the minimum prices you charge for the services offered at the Restaurant We retain the right to establish maximum prices to be charged by you for sales promotions, subject to subparagraph 8 F, or otherwise Any list or schedule of prices we furnish to you may, unless otherwise specifically stated as to the maximum price, be treated as a recommendation only and failure to accept or implement any such suggestion will not in any way affect the relationship between you and us

Q PCI Compliance When you accept payments by credit, debit or charge card, you must adhere to, and cause any service provider of third party-provided payment applications to adhere to cardholder data security standards according to the then-current PCI (Payment Card Industry) Data Security Standards You will be responsible for any costs related to compliance with such standards and any related audits You will provide us with evidence of such compliance at our reasonable request You will also provide prompt notice to us or any potential or actual data security breach relating to cardholder data You will be responsible for the security of all data at the Restaurant, and for any data breaches or any claims related to any non-adherence by you to PCI compliance rules or PII rules

PERSONNEL AND SUPERVISION STANDARDS

7 The following provisions and conditions control with respect to personnel, training and supervision

A Supervision You must have an Operating Principal and a Unit General Manager that meet our standards and qualifications at all times during the term of this Agreement Your Operating Principal and Unit General Manager must attend and successfully complete all required training, as stated in subparagraphs 7 B – E Should any actions (or inactions) of your Operating Principal or Unit General Manager cause the individual to fail to meet our standards and qualifications or should the action (or inaction) bring or tend to bring any of the Trademarks into disrepute or impair or tend to impair your or your Restaurant's reputation or the goodwill of the Trademarks, your Restaurant or the SIZZLER® system, we have the right to require that you replace the Operating Principal or Unit General Manager with an individual who meets our standards and qualifications within 30 days Any new Operating Principal or Unit General Manager must attend and successfully complete our training requirements immediately after being appointed by you The Operating Principal and Unit General Manager must ensure that the Restaurant is operated in accordance with the terms and conditions of this Agreement, although this in no way relieves you of your responsibilities to do so Your Operating Principal also must be readily and continuously available to us In addition to the Operating Principal and your Unit General Manager, you must have at least two assistant managers at all times during the term of this Agreement

B Training You must, at your expense, comply with all of the training requirements we prescribe for the Restaurant to be developed and operated under this Agreement The Operating Principal, the Unit General Manager and at least two of your assistant managers must attend training and complete training to our satisfaction, including any certified training programs that we specify (such that at all times you have at least one trained manager for your Restaurant) In addition, you must always have on shift at least one manager per restaurant per day that has completed certified training All replacement managers must complete training to our satisfaction, and must begin training within 6 weeks of the time of hire The training requirements may vary depending on our assessment of the experience of the Operating Principal, the Unit General Manager and the assistant managers or other factors specific to the Restaurant In the event you are given notice of default as stated in subparagraphs 13 A and B and the default relates, in whole or in part, to your failure to meet any operational standards, we have the right to require as a condition of curing the default that you, the Operating Principal, the Unit General Manager and the assistant managers, at your expense, comply with the additional training requirements we prescribe Any new Operating Principal or Unit General Manager must comply with our training requirements Under no circumstances may you permit management of the Restaurant's operations by a person who has not successfully completed to our reasonable satisfaction all applicable training we require In addition, we will provide a specific number of hourly training personnel (the "Hourly Training Team") as we determine necessary to train and assist your hourly staff, including kitchen staff, in the operation of the Restaurant The Hourly Training Team will arrive at the Restaurant one week prior to the date that you commence Restaurant operations and will remain at the Restaurant through the first week of Restaurant operations You will pay, within 30 days following receipt of our invoice, the prorated salaries and reasonable travel expenses for all Hourly Training Team personnel You will pay all lodging expenses for the Hourly Training Team as such expenses are incurred Any training we provide to any of your employees will be limited to training or guidance regarding the delivery of approved services to clients in a manner that reflects the client service standards of the System You are, and will remain, the sole employer of your employees at all times, including during all training programs, and you are solely responsible for all employment decisions and actions related to your employees You are solely responsible for ensuring that your employees receive adequate training

C <u>Ongoing Training</u> We may require the Operating Principal, the Unit General Manager, the assistant managers and other key employees of the Restaurant to attend, at your expense, ongoing training at our training facility, the Authorized Location or other location we designate In addition, we may develop and require you to purchase an in-restaurant training program

D <u>Staffing</u> You will employ a sufficient number of competent and trained employees to ensure efficient service to your customers You must require all your employees to work in clean uniforms approved by us, but furnished at your cost or the employees' cost as you may determine No employee of yours will be deemed to be an employee of ours for any purpose whatsoever, and nothing in any aspect of the System or the Trademarks in any way shifts any employee or employment related responsibility from you to us You alone are responsible for hiring, firing, training, setting hours for and supervising all employees We will not exercise direct or indirect control over the working conditions of Restaurant personnel, except to the extent such indirect control is related to our legitimate interest in protecting the quality of product and services offered as part of the SIZZLER® brand We do not share or codetermine the employment terms and conditions of the Restaurant's employees and do not affect matters relating to the employment relationship between you and the Restaurant's employees To that end, you must notify Restaurant personnel that we, as the franchisor of SIZZLER® Restaurants, are not their employer and do not engage in any employer-type activities for which only franchisees are responsible, such as employee selection, promotion, termination, hours worked, rates of pay, other benefits, work assigned, discipline, adjustment of grievances and complaints, and working conditions You also must obtain an acknowledgment (in the form we specify or approve) from all Restaurant employees that we are not their employer You alone are responsible for hiring, firing, training, setting hours for and supervising and training all employees

E <u>Attendance at Meetings</u> You and the Operating Principal must attend all annual franchise conventions we may hold or sponsor and all meetings relating to new products or product preparation procedures, new operational procedures or programs, training, restaurant management, sales or sales promotion, or similar topics We do not charge a fee for your attendance, but you must pay all costs to attend meetings, including travel, hotel and meals If you or the Operating Principal are not able to attend a meeting or convention, you must notify us prior to the meeting and must have a substitute person acceptable to us attend the meeting In addition, your Unit General Manager(s) must attend the annual training meeting for Unit General Managers that we may hold or sponsor, at your own expense We reserve the right to require that you and/or your Operating Principal attend any additional meetings that we deem appropriate under special circumstances

ADVERTISING

8 You agree to actively promote your Restaurant, to abide by all of our advertising requirements and to comply with the following provisions

A Production and Marketing Fund You must pay to us a Production and Marketing Fee ("PMF Fee") as stated in subparagraph 9 C All PMF Fees will be placed in a Production and Marketing Fund ("Fund") that we own and manage On behalf of our company and affiliate owned restaurants (except for "Special Sites"), we will pay the same PMF Fee as similarly situated franchised restaurants (based on age and type of location) in the same local marketing area The Fund is not a trust or escrow account, and we have no fiduciary obligation to franchisees with respect to the Fund, provided, however, we will make an effort to expend such fees in a manner that we determine is in the general best interests of the System We have the right to determine the expenditures of the amounts collected and the methods of marketing, advertising, media employed and contents, terms and conditions of marketing campaigns and promotional programs Because of the methods used, we are not required to spend a prorated amount on each restaurant or in each advertising market We have the right to make disbursements from the Fund for expenses incurred in connection with the cost of formulating, developing and implementing marketing, advertising and promotional campaigns The disbursements may include payments to us for the expense of administering the Fund, including accounting expenses and salaries and benefits paid to our employees engaged in the advertising functions If requested, we will provide you an annual unaudited statement of the financial condition of the Fund

B Required Local Expenditures You must use your best efforts to promote and advertise the Restaurant and participate in any local marketing and promotional programs we establish from time to time In addition to the Advertising Fee, you are required to spend 3% of your Gross Sales on approved local marketing and promotion Upon our request, and at least quarterly, you must provide us with itemization and proof of marketing and an accounting of the monies that you have spent for approved local marketing If you fail to make the required expenditure, we have the right to collect and contribute the deficiency to the Fund

C National Marketing Fund We or our affiliate reserve the right to establish and maintain a National Marketing Fund ("National Fund") to promote and advertise the System through national radio and television media purchases If we establish the National Fund, you must pay a monthly fee to the National Fund equal to no more than 2% of your Gross Sales We have the right to establish the National Fund in our sole business judgment Any amount you are required to contribute to the National Fund will be credited against the sums you must spend toward an Advertising Co-op (defined below) and local advertising If established, the National Fund will not be a trust account and we will have no fiduciary obligation to franchisees with respect to the National Fund We will have the right to determine the expenditures of the amounts collected and the methods of marketing, advertising, media employed and contents, terms and conditions of marketing campaigns and promotional programs funded or sponsored by the National Fund Because of the methods used, we will not be required to spend a prorated amount on each restaurant or in each advertising market We will have the right to make disbursements from the National Fund for expenses incurred in connection with the cost of formulating, developing and implementing marketing, advertising and promotional campaigns The disbursements may include payments to us for the expense of administering the National Fund, including accounting expenses and salaries and benefits paid to our employees engaged in the advertising functions If requested, we will provide you an annual unaudited statement of the financial condition of the National Fund

D Approved Materials You must use only such advertising materials (including any print, radio, television, electronic, or other media forms that may become available in the future) as we furnish, approve or make available, and the materials must be used only in a manner that we prescribe Furthermore, any promotional activities you conduct in the Restaurant or on its premises are subject to our approval We will not unreasonably withhold approval of any sales promotion materials or media and activities, provided that they are current, in good condition, in good taste and accurately depict the Trademarks Any point-of-sale posters or other promotional materials used by you must be current and in good condition We may make available at a reasonable cost to you annually or at other reasonable intervals, a sales promotion kit containing new (or replacement) point-of-sale and other promotional materials

E Advertising Cooperatives We have the right to establish and maintain local advertising cooperatives (each, an "Advertising Co-op") based on designated market areas or other geographic areas we designate ("Advertising Co-op Region") If an Advertising Co-op is formed in an Advertising Co-op Region in which you have a Restaurant located, you must contribute a minimum of 3% of Gross Sales to the Advertising Co-op, which satisfies the local marketing expenditure described in subparagraph 8 B If, however, the cooperative votes to spend a percentage greater than 3% per location, you must contribute such greater amount Each SIZZLER® restaurant, including those operated by us, our parent company or our affiliates (except Special Sites) within a designated local advertising area is a member of the local advertising cooperative and each restaurant has one vote on all matters requiring a vote Each advertising cooperative will be required to adopt governing bylaws that meet our approval We will provide each advertising cooperative with a sample form of bylaws, containing certain terms and conditions that we require, although the bylaws cannot modify the voting structure as stated in this paragraph You will be required to contribute to the cooperative the percentage as designated by a majority vote of the cooperative members We reserve the right to administer the advertising cooperatives' funds and require payment from its members via electronic funds transfer The contribution amount designated by the cooperative must be on a percentage of Gross Sales basis and per Restaurant, and must be at least 3% The members of each cooperative and their elected officers will be responsible for the administration of the advertising cooperative Each advertising cooperative must engage the services of a professional advertising agency or media buyer that meets with our approval and has expertise in the industry and in the particular market Further, you must obtain our written approval of all promotional and advertising materials, creative execution and media schedules prior to their implementation Each advertising cooperative will be required to prepare annual financial statements, which must be made available to all members of the cooperative and to us upon request Also, each advertising cooperative must submit to us its meeting minutes upon our request We have the right to require advertising cooperatives to be formed, changed, dissolved or merged

F Participation in Certain Programs and Promotions You must participate in all required advertising and promotional programs we establish If the promotional program involves alcohol, or any Menu Item that is listed on the then-current SIZZLER® printed menu (including any limited time offers), we may suggest, but will not require, that you offer the item at a price lower than the everyday menu price You must use and honor only system-wide gift cards, certificates and checks that we designate and you must obtain all certificates, cards or checks from an approved supplier

G New Restaurant Opening Promotion You must conduct certain advertising and public relations activities in connection with the opening of your Restaurant We require you to spend, in addition to the required local advertising contribution described above, $12,500 for such opening activities which must be spent some time within 45 days prior and 45 days following the opening of your Restaurant, unless otherwise approved by us In addition, you must perform opening advertising and promotions as required by this paragraph every time that you (i) relocate the Restaurant or (ii) reopen the Restaurant after having it closed for 30 days or more Upon our request, you must provide to us proof of these expenditures We have the right, but not the obligation, to collect and administer these funds on your behalf

FEES, REPORTING AND AUDIT RIGHTS

9 You must pay the fees described below and comply with the following provisions

A Initial Franchise Fee You must pay to us a nonrefundable Initial Franchise Fee of $_______ The Initial Franchise Fee, payable in full on the date you sign this Agreement, is earned upon receipt and is in consideration for our expenses incurred and services rendered in granting you the franchise rights

B Royalty Fee In addition to the Initial Franchise Fee, during the full term of this Agreement and in consideration of the rights granted to you, you must pay to us as a weekly Royalty Fee in an amount equal to 4% of Gross Sales The amount of the Royalty Fee for the renewal term shall be that provided in the franchise agreement executed for such renewal term

C PMF Fee You must pay to us a weekly PMF Fee in an amount equal to 50% of Gross Sales We reserve the right to increase this percentage upon 60 days written notice to you, provided, however, the PMF Fee will not exceed 3% for the initial term of this Agreement These fees are not held by us in trust and become our property to be spent in accordance with Section 8 of this Agreement

D Computations and Remittances Except for the Initial Franchise Fee, you must compute all amounts due and owing once every four weeks (on the specific day of the week we designate in the operations manual or otherwise in writing) for the immediately preceding four week period ("Reporting Period"), and remittance for the amounts must be made to us within 30 days the week following the Reporting Period, accompanied by any reports we may require under subparagraph 9 H of this Agreement We reserve the right to change the reporting and payment dates for any or all amounts You must certify the computation of the amounts in the manner and form we specify, and you must supply to us any supporting or supplementary materials as we reasonably require to verify the accuracy of remittances You waive any and all existing and future claims and offsets against any amounts due under this Agreement, which amounts you must pay when due We have the right to apply or cause to be applied against amounts due to us or any of our affiliates any amounts that we or our affiliates may hold from time to time on your behalf or that we or our affiliates owe to you Further, if you are delinquent in the payment of any amounts owed to us, we have the right to require you to prepay estimated Royalty Fees and Advertising Fees

E Electronic Transfer of Funds You may be required to sign an electronic transfer of funds authorization, attached as Appendix D, which will authorize and direct your bank or financial institution to transfer electronically, on a periodic basis, directly to our account or our affiliates' and to charge to your account all amounts due to us or our affiliates If we require that you pay amounts due to us via electronic transfer of funds, you must maintain a balance in your account sufficient to allow us and our affiliates to collect the amounts owed when due You are responsible for any penalties, fines or other similar expenses associated with the transfer of funds described in this subparagraph

F Interest Charges, Late Fees Any and all amounts that you owe to us or to our affiliates will bear interest at the rate of 18% per annum or the maximum contract rate of interest permitted by governing law, whichever is less, from and after the date of accrual In addition to interest charges on late Royalty Fee and Advertising Fee payments, you must pay to us a service charge of $150 for each delinquent report or payment that you owe to us under this Agreement A payment is delinquent for any of the following reasons (i) we do not receive the payment on or before the date due, or (ii) there are insufficient funds in your bank account to collect the total payment by a transfer of funds on or after the date due The service charge is not interest or a penalty, it is only to compensate us for increased administrative and management costs due to late payment

G Financial Planning and Management You must record daily all sales on a cash register tape or similar device You must keep books and records and submit reports as we periodically require, including but not limited to a monthly profit plan, monthly balance sheet and monthly statement of profit and loss, records of prices and special sales, check registers, purchase records, invoices, sales summaries and inventories, sales tax records and returns, payroll records, cash disbursement journals and general ledger, all of which accurately reflect the operations and condition of your Restaurant operations You must compile, keep and submit to us the books, records and reports on the forms and using the methods of bookkeeping and accounting as we periodically may prescribe The records that you are required to keep for your Restaurant must include detailed daily sales, cost of sales, and other relevant records or information maintained in an electronic media format and methodology we approve You must provide this information to us according to reporting formats, methodologies and time schedules that we establish from time to time You also must preserve and retain the books, records and reports for not less than 36 months You must allow us electronic and manual access to any and all records relating to your Restaurant

H Reports and Audit You must submit your Gross Sales daily via our intranet system or as we otherwise direct You must verify the accuracy of the Gross Sales figure by Tuesday at midnight of each week for the preceding week You must submit to us all reports with respect to the preceding month by the dates and in the form and content as we periodically prescribe The reports we may require include, but are not limited to, the following information for the preceding month (i) amount of Gross Sales and gross receipts of the Restaurant, amount of sales tax and the computation of the Royalty Fee and the Advertising Fee, (ii) quantities of products purchased and the sources from which each were obtained, (iii) if we request, copies of your most recent sales tax return, monthly cash register sales summary or details and monthly balance sheet and statement of profit and loss, including a summary of your costs for utilities, labor, rent and other material cost items, and (iv) if requested by us to verify your Gross Sales, all such books and records as we may require under our audit policies published from time to time You also must, at your expense, submit to us within 90 days after the end of each fiscal year a detailed balance sheet, profit and loss statement and statement of cash flows for such fiscal year, prepared on an accrual basis including all adjustments necessary for fair presentation of the financial statements, including a supplemental schedule of revenue and expenses prepared in the format we may periodically prescribe We may require that the annual financial statements be reviewed or audited by a certified public accountant You must certify all reports to be true and correct You acknowledge and agree that we have the right to impose these requirements on you regardless of whether we impose the same requirement on our other franchisees

We or our authorized representative have the right at all times during the business day to enter the premises where your books and records relative to the Restaurant are kept and to evaluate, copy and audit such books and records We also have the right to request information from your suppliers and vendors In the event that any evaluation or audit reveals any understatement of your Gross Sales, Royalty Fees or Advertising Fees in any month by an individual or combined total of 1 25% or more from data reported to us, then, in addition to any other rights we may have (including collection of amounts owed with respect to any understatement), you must reimburse us for all audit costs including, but not limited to, related professional fees, travel, and room and board expenses Furthermore, we may conduct additional periodic audits and/or evaluations of your books and records, at your sole expense, as we reasonably deem necessary for up to 3 years thereafter You acknowledge and agree that if you intentionally understate or underreport Gross Sales, Royalty Fees or Advertising Fees, or if a subsequent audit or evaluation conducted within the 3-year period reveals any understatement or a variance of these fees by an individual or combined total of 1 25% or more, in addition to any other remedies provided in this Agreement, at law or in equity, we have the right to terminate this Agreement in accordance with Subparagraph 13 B 2 To verify the information you supply, we have the right to reconstruct your sales through the inventory extension method or any other reasonable method of analyzing and reconstructing sales You agree to accept any such reconstruction of sales unless you provide evidence in a form satisfactory to us of your sales within a period of 14 days from the date of notice of understatement or variance You must fully cooperate with us or our representative in performing these activities and any expenses incurred by us from your lack of cooperation shall be reimbursed by you We have the right to request the Restaurant's product mix reports form you on a daily or weekly basis in accordance with Subparagraph 6 B, and you acknowledge and agree to provide all reports by any computer system that we develop or select for the Restaurant The reports would contain the description of the items sold, the number items sold, the price of each item sold, and the extended sales amounts

We will keep your financial books, records and reports confidential, unless the information is requested by tax authorities or used as part of a legal proceeding or in a manner as stated in subparagraph 11 D 8 or where your information is grouped with similar information from other restaurants to produce shared results like high-low ranges or average gross sales or expenses on a system-wide or regional basis

<u>YOUR OTHER OBLIGATIONS, NONCOMPETE COVENANTS</u>

10 You agree to comply with the following terms and conditions

A <u>Payment of Debts</u> You agree to pay promptly when due (i) all payments, obligations, assessments and taxes due and payable to us and our affiliates, vendors, suppliers, lessors, federal, state or local governments, or creditors in connection with your business, (ii) all liens and encumbrances of every kind and character created or placed upon or against any of the property used in connection with the Restaurant or business, and (iii) all accounts and other indebtedness of every kind incurred by you in the conduct of the Restaurant or business In the event you fail to make any such payment, such conduct will constitute a default under this Agreement and we may, but not required to, pay the same on your behalf and you agree promptly to reimburse us on demand for any such payment

B <u>Indemnification</u> You hereby waive all claims against us for damages to property or injuries to persons arising out of the operation of your Restaurant You must fully protect, indemnify and hold us and our owners, directors, officers, insurers, successors and assigns and our affiliates harmless from and against any and all claims, demands, damages and liabilities of any nature whatsoever arising in any manner, directly or indirectly, out of or in connection with or incidental to the operation of your Restaurant (regardless of cause or any concurrent or contributing fault or negligence of us or our affiliates) or any breach by you or your failure to comply with the terms and conditions of this Agreement We also reserve the right to select our own legal counsel to represent our interests, and you must reimburse us for all our costs and all attorneys' fees immediately upon our request as they are incurred It is the intention of the parties to this Agreement that we shall not be deemed a joint employer with you for any reason If we incur any cost, loss, or damage as a result of any actions or omissions of you or your employees, including any that relate to any party making a finding of any joint employer status, you will fully indemnify us for any such loss

We hereby waive all claims against you for damages to property or injuries to persons arising out of the operation of our company or affiliate owned restaurants We must fully protect, indemnify and defend you and your affiliates and hold you and them harmless from and against any and all claims, demands, damages and liabilities of any nature whatsoever arising in any manner, directly or indirectly, out of or in connection with or incidental to the operation of our company or affiliate owned restaurants (regardless of cause or any concurrent or contributing fault or negligence of you) or any breach by us or our failure to comply with the terms and conditions of this Agreement

C Insurance You must purchase and maintain in full force and effect, at your expense and from a company we accept, insurance that insures both you and us, our affiliates and any other persons we designate by name The insurance policy or policies shall be written in accordance with the standards and specifications (including minimum coverage amounts) stated in writing by us from time to time, shall not be combined with the insurance for any other restaurant or business, and which shall include, at a minimum, the following (except as different coverages and policy limits may be specified for all franchisees from time to time in writing) (i) property insurance on the Restaurant, restaurant improvements and all fixtures, equipment, supplies and other property used in the operation of the Restaurant, (ii) business interruption insurance that covers your loss of income and our Royalty Fees, (iii) comprehensive general liability insurance (which may include umbrella liability) covering, among other things, bodily injury or death of one or more persons, property damage or destruction, product liability and completed operation liability, fire legal liability, and broad form contractual liability (with specific indemnification language, if any, referenced in the Manuals or otherwise as we may direct in writing), (iv) liquor liability insurance, (v) automobile liability insurance on all owned, hired, rented and non-owned vehicles, and (vi) workers' compensation and employer's liability insurance covering all of your employees In addition, the required liability insurance must (i) name Sizzler USA Franchise, Inc and its parents and affiliates (collectively, "SIZZLER Entities") as additional insureds, (ii) provide severability of interests and/or separation of insureds coverage, and (iii) be primary and non-contributory with any insurance policy carried by the SIZZLER Entities

You must deliver to us at commencement and thereafter annually or at our request a proper certificate evidencing the existence of such insurance coverage and your compliance with the provisions of this subparagraph The insurance certificate must show compliance with all required insurance specifications We also may request copies of all policies We may from time to time modify the required minimum limits and require additional insurance coverage, by providing written notice to you, as conditions require, to reflect changes in relevant circumstances, industry standards, experiences in the SIZZLER system, standards of liability and higher damage awards If you do not procure and maintain the insurance coverage required by this Agreement, we have the right, but not the obligation, to procure insurance coverage and to charge the costs to you, together with a reasonable fee for the expenses we incur in doing so You must pay these amounts to us immediately upon written notice

D Noncompete Covenants You agree that you will receive valuable training and Confidential Information that you otherwise would not receive or have access to but for the rights licensed to you under this Agreement You therefore agree to the following noncompetition covenants

1 Unless otherwise specified, the term "you" as used in this subparagraph 10 D includes, collectively and individually, your Operating Principal, all Principal Owners, guarantors, officers, directors, members, managers, partners, as the case may be, and holders of any ownership interest in you We may require you to obtain from your Operating Principal and other individuals identified in the preceding sentence a signed non-compete

agreement in a form satisfactory to us that contains the non-compete provisions of this subparagraph 10 D

2 You covenant that during the term of this Agreement you will not, either directly or indirectly, for yourself, or through, on behalf of, or in conjunction with any person or entity, own, manage, operate, maintain, engage in, consult with or have any interest in any restaurant or food business other than one authorized by this Agreement or any other agreement between us and you, except any interest you may have, at the Effective Date of this Agreement, in a restaurant or food business other than a steak, seafood and/or salad bar restaurant (in which you may not have any direct or indirect interest) Under no circumstances may you be a member of a franchisee advisory council, committee, board or other similar group for a restaurant or food business, unless you receive our prior written approval

3 You covenant that you will not, for a period of 2 years after the expiration or termination of this Agreement, regardless of the cause of termination, or within 2 years of the sale of the Restaurant or any interest in you, either directly or indirectly, for yourself, or through, on behalf of, or in conjunction with any person or entity, own, manage, operate, maintain, engage in, consult with or have any interest in (i) a casual dining restaurant that sells or offers to dispense prepared food products the same as or similar to the type sold in SIZZLER® restaurants, or (ii) any business establishment that sells or offers to dispense prepared steak, seafood, poultry and salad bar items, at

a At the premises of the former Restaurant,

b Within a 5-mile radius of the former Restaurant, or

c Within a 5-mile radius of the location of any other business or restaurant using the SIZZLER® System, whether franchised or owned by us or our affiliates

4 You agree that the length of time in subpart (3) will be tolled for any period during which you are in breach of the covenants or any other period during which we seek to enforce this Agreement The parties agree that each of the foregoing covenants will be construed as independent of any other covenant or provision of this Agreement

<u>TRANSFER OF FRANCHISE</u>

11 You agree that the following provisions govern any transfer or proposed transfer

A <u>Transfers</u> We have entered into this Agreement with specific reliance upon your financial qualifications, experience, skills and managerial qualifications as being essential to the satisfactory operation of the Restaurant Consequently, neither your interest in this Agreement or you nor in the Restaurant may be transferred or assigned to or assumed by any other person or entity (the "assignee"), in whole or in part, unless you have first tendered to us the right of first refusal to acquire this Agreement in accordance with subparagraph 11 F, and, if we do not exercise such right, unless our prior written consent is obtained, the transfer fee provided for in subparagraph 11 C is paid, and the transfer conditions described in subparagraph 11 D are satisfied Any sale (including installment sale), lease, pledge, management agreement, contract for deed, option agreement, assignment, bequest, gift or otherwise, or any arrangement in which you turn over all or part of the daily operation of the business to a person or entity who shares in the losses or profits of the business in a manner other than as an employee will be considered a transfer for purposes of this Agreement Specifically, but without limiting the generality of the foregoing, the following events constitute a transfer and you must comply with the right of first refusal, consent, transfer fee, and other transfer conditions in this Paragraph 11

1 Any change or any series of changes in the percentage of the franchisee entity owned, directly or indirectly, by any Principal Owner which results in any addition or deletion of any person or entity who qualifies as a Principal Owner,

2 Any change in the general partner of a franchisee that is a general, limited or other partnership entity, or

3 For purposes of this subparagraph 11 A, a pledge or seizure of any ownership interests in you or in any Principal Owner that affects the ownership of 25% or more of you or any Principal Owner, which we have not approved in advance in writing

In the event of your insolvency or the filing of any petition by or against you under any provisions of any bankruptcy or insolvency law, if your legal representative, successor, receiver or trustee desires to succeed to your interest in this Agreement or the business conducted hereunder, such person first must notify us, tender the right of first refusal provided for in subparagraph 11 F, and if we do not exercise such right, must apply for and obtain our consent to the transfer, pay the transfer fee provided for in subparagraph 11 C, and satisfy the transfer conditions described in subparagraph 11 D In addition, you or the assignee must pay the attorneys' fees and costs that we incur in any bankruptcy or insolvency proceeding pertaining to you

You may not place in, on or upon the location of the Restaurant, or in any communication media or any form of advertising, any information relating to the sale of the Restaurant or the rights under this Agreement, without our prior written consent

B <u>Consent to Transfer</u> We will not unreasonably withhold our consent to transfer, provided that all of the conditions described in this Paragraph 11 have been satisfied Application for our consent to a transfer and tender of the right of first refusal provided for in subparagraph 11 F must be made by submission of our form of application for consent to transfer You also agree to submit other information and documents (including a copy of the proposed purchase or other transfer agreement) we require under our then-current transfer procedures The application must indicate whether you or a Principal Owner proposes to retain a security interest in the property to be transferred No security interest may be retained or created, however, without our prior written consent and except upon conditions acceptable to us Any agreement used in connection with a transfer shall be subject to our prior written approval, which approval will not be withheld unreasonably You immediately must notify us of any proposed transfer and must submit promptly to us the application for consent to transfer Any attempted transfer by you without our prior written consent or otherwise not in compliance with the terms of this Agreement will be void, your interest in this Agreement will be voluntarily abandoned, and it will provide us with the right to elect either to deem you in default and terminate this Agreement or to collect from you and the guarantors a transfer fee equal to two times the transfer fee provided for in subparagraph 11 C

C <u>Transfer Fee</u> The transfer fee is $7,500 for each Restaurant you transfer You must pay to us the $7,500 transfer fee at the time you submit an application for consent to transfer each Restaurant We will refund the transfer fee less our costs and expenses (including our time) if the transfer is not completed If the transfer proceeds, the entire $7,500 per Restaurant transfer fee becomes nonrefundable at that time Payment of the transfer fee is a condition of transfer under subparagraph 11 D

D Conditions of Transfer We condition our consent to any proposed transfer, whether to an individual, a corporation, a partnership or any other entity upon the following

1 Assignee Requirements The assignee must meet all of our then-current requirements for any potential new franchisee at the time of the proposed transfer, including, without limitation, financial and operational experience requirements

2 Payment of Amounts Owed All amounts owed by you to us or any of our affiliates, your suppliers or any landlord for the Restaurant premises and Authorized Location, or upon which we or any of our affiliates have any contingent liability must be paid in full

3 Reports You must have provided all required reports to us in accordance with subparagraphs 9 G and H

4 Modernization You must have complied with the provisions of subparagraph 5 E

5 Guarantee In the case of an installment sale for which we have consented to you or any Principal Owner retaining a security interest or other financial interest in this Agreement or the business operated thereunder, you or such Principal Owner, and the guarantors, are obligated to guarantee the performance under this Agreement until the final close of the installment sale or the termination of such interest, as the case may be

6 General Release You, each Principal Owner and each guarantor must sign a general release of all claims arising out of or relating to this Agreement, your Restaurant or the parties' business relationship, in the form we designate, releasing us and our affiliates

7 Execution of Then-Current Franchise Agreement The assignee executes our then-current form of franchise agreement (modified to reflect that the term is only the remainder of the term under this Agreement and other modifications to reflect that the agreement relates to a transfer), the terms of which may differ from this Agreement, including higher fees

8 Training The assignee must, at your or assignee's expense, comply with the training requirements of subparagraph 7 B

9 Financial Reports and Data We have the right to require you to prepare and furnish to assignee and/or us such financial reports and other data relating to the Restaurant and its operations reasonably necessary or appropriate for assignee and/or us to evaluate the Restaurant and the proposed transfer You agree that we have the right to confer with proposed assignees and furnish them with information concerning the Restaurant and proposed transfer without being held liable to you, except for intentional misstatements made to an assignee Any information furnished by us to proposed assignees is for the sole purpose of permitting the assignees to evaluate the Restaurant and proposed transfer and must not be construed in any manner or form whatsoever as earnings claims or claims of success or failure

10 Other Franchise Agreements You must be in full compliance with all your obligations under any and all Franchise Agreements and Area Development Agreements executed between you and us

11 Other Conditions You must have complied with any other conditions that we reasonably require from time to time as part of our transfer policies, provided that such

conditions will not be more stringent than any conditions otherwise imposed on new franchisees signing the then-current franchise agreement

E Death Disability or Incapacity If any individual who is a Principal Owner dies or becomes disabled or incapacitated and the decedent's or disabled or incapacitated person's heir or successor-in-interest wishes to continue as a Principal Owner, such person or entity must apply for our consent under subparagraph 11 B, comply with the training requirements of subparagraph 7 B if the Principal Owner also was the Operating Principal (unless the heir or successor-in-interest finds another Principal Owner to qualify as the Operating Principal), pay the applicable transfer fee under subparagraph 11 C, and satisfy the transfer conditions under subparagraph 11 D, as in any other case of a proposed transfer, all within 180 days of the death or event of disability or incapacity During any transition period to an heir or successor-in-interest, the Restaurant still must be operated in accordance with the terms and conditions of this Agreement If the assignee of the decedent or disabled or incapacitated person is the spouse or child of such person, no transfer fee will be payable to us and we will not have a right of first refusal as stated in subparagraph 11 F

F Right of First Refusal If you propose to transfer or assign this Agreement or your interest herein or in you or the business, in whole or in part, to any third party, including, without limitation, any transfer contemplated by subparagraph 11 E or any transfer described in subparagraph 11 A, you first must offer to sell to us your interest under the same terms In the event of a bona fide offer from such third party, you must obtain from the third-party offeror and deliver to us a statement in writing, signed by the offeror and by you, of the terms of the offer In the event the proposed transfer results from a transfer under subparagraphs 11 A 1 through 11 A 3, or your insolvency or the filing of any petition by or against you under any provisions of any bankruptcy or insolvency law, you first must offer to sell to us your interest in this Agreement and the land, building, equipment, furniture and fixtures, and any leasehold interest used in the operation of your Restaurant Unless otherwise agreed to in writing by us and you, the purchase price for our purchase of assets in the event of a transfer that occurs by a transfer under subparagraphs 11 A 1 through 11 A 3, insolvency or bankruptcy filing will be established by a qualified appraiser selected by the parties and in accordance with the price determination formula established in subparagraph 14 B (the formula that includes the value of any goodwill of the business) in connection with an asset purchase upon expiration In addition, unless otherwise agreed to in writing by us and you, the transaction documents, which we will prepare, will be those customary for this type of transaction and will include representations and warranties then customary for this type of transaction If the parties cannot agree upon the selection of such an appraiser, a Judge of the United States District Court for the District in which the Authorized Location is located will appoint one upon petition of either party

You or your legal representative must deliver to us a statement in writing incorporating the appraiser's report and all other information we have requested

We then have 45 days from our receipt of the statement setting forth the third-party offer or the appraiser's report and other requested information to accept the offer by delivering written notice of acceptance to you Our acceptance of any right of first refusal will be on the same price and terms as stated in the statement delivered to us, provided, however, we have the right to substitute equivalent cash for any noncash consideration included in the offer If we fail to accept the offer within the 45-day period, you will be free for 60 days after such period to effect the disposition described in the statement delivered to us provided such transfer is in accordance with this Paragraph 11 You may effect no other sale or assignment of you, this Agreement or the business without first offering the same to us in accordance with this subparagraph 11 F

G Transfer to Immediate Family Members and among Principal Owners If the transfer is between an original Principal Owner or an individual who has been a Principal Owner for at least five years and an immediate family member of that owner, or if the transfer is among individuals who have each been Principal Owners for at least five years, then the following apply (i) no transfer fee will be payable to us, although you must reimburse us for our reasonable costs and expenses in an amount not to exceed $12,500, (ii) we will waive our right of first refusal described in subparagraph 11 F, and (iii) we will not require the execution of the then-current franchise agreement, as required by subparagraph 11 D 7 All other provisions of this Paragraph 11 apply in full force and effect to the type of transfer described in this subparagraph

H Transfer by Us We have the right to sell or assign, in whole or in part, our interest in this Agreement

DISPUTE RESOLUTION

12 The following provisions apply with respect to dispute resolution

A Arbitration, Mediation Except as qualified below any dispute between you and us or any of our or your affiliates arising under, out of, in connection with or in relation to this Agreement, any lease or sublease for the Restaurant or Authorized Location, the parties' relationship, or the business must be submitted to binding arbitration under the authority of the Federal Arbitration Act and must be arbitrated in accordance with the then-current rules and procedures and under the auspices of the American Arbitration Association The arbitration must take place in Los Angeles, California, or at such other place as may be mutually agreeable to the parties Any arbitration must be resolved on an individual basis and not joined as part of a class action, consolidated action or otherwise resolved with the claims of other parties The arbitrators must follow the law and not disregard the terms of this Agreement The decision of the arbitrators will be final and binding on all parties to the dispute, however, the arbitrators may not under any circumstances (i) stay the effectiveness of any pending termination of this Agreement, (ii) assess punitive or exemplary damages, or (iii) make any award which extends, modifies or suspends any lawful term of this Agreement or any reasonable standard of business performance that we set A judgment may be entered upon the arbitration award by any state or federal court in California or the state of the Authorized Location

Before the filing of any arbitration, the parties agree to mediate any dispute that does not include injunctive relief or specific performance actions covered under subparagraph 12 B, provided that the party seeking mediation must notify the other party of its intent to mediate prior to the termination of this Agreement Mediation will be conducted by a mediator or mediation program agreed to by the parties Persons authorized to settle the dispute must attend any mediation session The parties agree to participate in the mediation proceedings in good faith with the intention of resolving the dispute within 30 days of the notice from the party seeking to initiate the mediation procedures If not resolved within 30 days from the date the party seeking mediation first notifies the other party of its intent to mediate, the parties are free to pursue arbitration Mediation is a compromise negotiation for purposes of the federal and state rules of evidence, and the entire process is confidential

B Injunctive Relief Except as noted in subparagraph 12 A above, the parties agree that the following claims will not be subject to arbitration

1 any action for declaratory or equitable relief, including, without limitation, seeking preliminary or permanent injunctive relief, including, without limitation, seeking preliminary or permanent injunctive relief, specific performance, other relief in the nature of equity to enjoin any harm or threat of harm to such party's tangible or intangible property, brought at any time, including, without limitation, prior to or during the pendency of any arbitration proceedings initiated hereunder, or

2 any action in ejectment or for possession of any interest in real or personal property

C Attorneys' Fees The prevailing party in any action or proceeding arising under, out of, in connection with, or in relation to this Agreement, any lease or sublease for the Restaurant or Authorized Location, or the business will be entitled to recover its reasonable attorneys' fees and costs

DEFAULT AND TERMINATION

13 The following provisions apply with respect to default and termination

A Defaults You are in default if we determine that you or any Principal Owner or guarantor has breached any of the terms of this Agreement or any other agreement between you and us or our affiliates, which without limiting the generality of the foregoing includes making any false report to us, intentionally understating or underreporting or failure to pay when due any amounts required to be paid to us, any of our affiliates or any other third party creditor of or related to the Restaurant, conviction of you, a Principal Owner, or a guarantor of (or pleading no contest to) any misdemeanor that brings or tends to bring any of the Trademarks into disrepute or impairs or tends to impair your reputation or the goodwill of any of the Trademarks or the Restaurant, any felony, filing of tax or other liens that may affect this Agreement, voluntary or involuntary bankruptcy by or against you or any Principal Owner or guarantor, insolvency, making an assignment for the benefit of creditors or any similar voluntary or involuntary arrangement for the disposition of assets for the benefit of creditors

B Termination by Us We have the right to terminate this Agreement in accordance with the following provisions

1 Termination After Opportunity to Cure Except as otherwise expressly provided in this subparagraph 13 B or elsewhere in the Agreement (i) you will have 30 days from the date of our issuance of a written notice of default to cure any default under this Agreement, other than a failure to pay amounts due (to us, an affiliate, or any other third party related to the Restaurant) or submit required reports, in which case you will have 10 days to cure those defaults, (ii) your failure to cure a default within the 30-day or 10-day period will provide us with good cause to terminate this Agreement, (iii) the termination will be accomplished by mailing or delivering to you written notice of termination that will identify the grounds for the termination, and (iv) the termination will be effective immediately upon our issuance of the written notice of termination

2 Immediate Termination With No Opportunity to Cure In the event any of the following defaults occurs, you will have no right or opportunity to cure the default and this Agreement will terminate effective immediately on our issuance of written notice of termination any material misrepresentation or omission in your franchise application, your voluntary abandonment of this Agreement or the Authorized Location, the loss or revocation of your liquor license or suspensions totaling 90 days over any 5 year period, the loss of your lease, the failure to timely cure a default under the lease, the loss of your right of possession or failure to reopen or relocate under subparagraph 5 D, the closing of the Restaurant by any state or local authorities for health or public safety reasons, any unauthorized use of the Confidential Information, insolvency of you, a Principal Owner, the Operating Principal or guarantor, you, a Principal Owner, the Operating Principal or guarantor making an assignment or entering into any similar arrangement for the benefit of creditors, any default under this Agreement that materially impairs the goodwill associated with any of the Trademarks, conviction of you, any Principal Owners, the Operating Principal, or guarantors of (or pleading no contest to) any felony regardless of the nature of the charges, or any misdemeanor that brings

or tends to bring any of the Trademarks into disrepute or impairs or tends to impair your reputation or the goodwill of the Trademarks or the Restaurant, intentionally understating or underreporting Gross Sales, Royalty Fees or Advertising Fees or any understatement or 1 25% variance on a subsequent audit within a 3 year period under subparagraph 9 H, failure to open the Restaurant by the Required Open Date, failure to execute the lease (including the Lease Addendum) or the Purchase Agreement for the Restaurant by the date stated subparagraph 5 A, failure to start substantial construction of the Restaurant by the date established in subparagraph 5 B, failure to secure financing for the construction of the Restaurant by the date stated in subparagraph 5 B, any unauthorized transfer or assignment in violation of Paragraph 11 or any default by you that is the second same or similar default within any 12-month consecutive period or the fourth default of any type within any 24-month consecutive period

3 Immediate Termination After No More than 24 Hours to Cure In the event that a default under this Agreement occurs that violates any health safety or sanitation law or regulation violates any system standard as to food handling, cleanliness, health and sanitation, or if the operation of the Restaurant presents a health or safety hazard to your customers or to the public (for example, improper cooking or storage procedures used for seafood) (i) you will have no more than 24 hours after we provide written notice of the default to cure the default, and (ii) if you fail to cure the default within the 24 hour period, this Agreement will terminate effective immediately on our issuance of written notice of termination

4 Effect of Other Laws The provisions of any valid, applicable law or regulation prescribing permissible grounds, cure rights or minimum periods of notice for termination of this franchise supersede any provision of this Agreement that is less favorable to you

C Termination by You You may terminate this Agreement as a result of a breach by us of a material provision of this Agreement provided that (i) you provide us with written notice of the breach that identifies the grounds for the breach, and (ii) we fail to cure the breach within 30 days after our receipt of the written notice If we fail to cure the breach, the termination will be effective 60 days after our receipt of your written notice of breach Your termination of this Agreement under this Paragraph will not release or modify your Post-Term obligations under Paragraph 14 of this Agreement

POST-TERM OBLIGATIONS

14 Upon the expiration or termination of this Agreement

A Reversion of Rights Discontinuation of Trademark Use All of your rights to the use of the Trademarks and all other rights and licenses granted in this Agreement and the right and license to conduct business under the Trademarks at the Authorized Location will revert to us without further act or deed of any party All of your right, title and interest in, to and under this Agreement will become our property Upon our demand, you must assign to us or our assignee your remaining interest in any lease then in effect for the Restaurant (although we will not assume any past due obligations) You must immediately comply with the post-term non-compete obligations under subparagraph 10 D, cease all use and display of the Trademarks and of any proprietary material (including the manual and the product preparation materials) and of all or any portion of point-of-sale materials furnished or approved by us, assign all right, title and interest in the telephone numbers for the Restaurant and cancel or assign, at our option, any assumed name rights or equivalent registrations filed with authorities You must pay all sums due to us, our affiliates or designees and all sums you owe to third parties that have been guaranteed by us or any of our affiliates You must immediately return to us, at your expense, all copies of the manuals and product preparation materials then in your possession or control or previously disseminated to your employees and continue to comply with the confidentiality provisions of subparagraph 6 J You must promptly at your expense and subject to subparagraph 14 B, remove or obliterate all Restaurant signage, displays or other materials (electronic or tangible) in your possession at the Authorized Location or elsewhere that bear any of the Trademarks or names or material confusingly similar to the Trademarks and so alter the appearance of the Restaurant as to differentiate the Restaurant unmistakably from duly licensed restaurants identified by the Trademarks If, however, you refuse to comply with the provisions of the preceding sentence within 30 days, we have the right to enter the Authorized Location and remove all Restaurant signage, displays or other materials in your possession at the Authorized Location or elsewhere that bear any of the Trademarks or names or material confusingly similar to the Trademarks, and you must reimburse us for our costs incurred Except as noted, in the event of expiration or termination of this Agreement, you will remain liable for your obligations in accordance with this Agreement or any other agreement between you and us or our affiliates that expressly or by their nature survive the expiration or termination of this Agreement

B Purchase Option We have the right to purchase or designate a third party that will purchase all or any portion of the assets of your Restaurant that are owned by you or any of your affiliates including, without limitation, the land, building, equipment, fixtures, signage, furnishings, supplies, leasehold improvements, liquor license and inventory of the Restaurant at a price determined by a qualified appraiser (or qualified appraisers if one party believes it is better to have a real estate appraiser appraise the value of the land and building and a business appraiser appraise the Restaurant's other assets) selected with the consent of both parties, provided we give you written notice of our preliminary intent to exercise our purchase rights under this Paragraph within 30 days after the date of the expiration or termination of this Agreement If the parties cannot agree upon the selection of an appraiser(s), one or both will be appointed by a Judge of the United States District Court for the District in which the Authorized Location is located upon petition of either party

In the event the Agreement is terminated (rather than if it expires), the price determined by the appraiser(s) will be the reasonable fair market value of the assets based on their continuing use in, as, and for the operation of a SIZZLER® Restaurant and the appraiser will designate a price for each category of asset (e g , land, building, equipment, fixtures, etc), but shall not include the value of any goodwill of the business, as the goodwill of the business is attributable to the Trademarks and the System In the event that the Agreement expires (rather than if it is terminated), the price determined by the appraiser(s) will be the reasonable fair market value of the assets, as stated in the prior sentence, plus the value of any goodwill of the business, attributable to your operation of the Restaurant In the event of expiration, however, the parties agree that you may elect not to include the land in the appraisal and option to purchase process In this instance, you may elect to lease the land to us or our designee for a lease term of at least 10 years with two 5-year options to renew and for a primary rate equal to fair market value according to the applicable Building Office Management Association Guidelines, unless otherwise agreed to by the parties

Within 45 days after our receipt of the appraisal report, we or our designated purchaser will identify the assets, if any, that we intend to purchase at the price designated for those assets in the appraisal report We or our designated purchaser and you will then proceed to complete and close the purchase of the identified assets, and to prepare and execute purchase and sale documents customary for the assets being purchased, in a commercially reasonable time and manner We and you will each pay one-half of the appraiser's fees and expenses Our interest in the assets of the Restaurant that are owned by you or your affiliates will constitute a lien thereon and may not be impaired or terminated by the sale or other transfer of any of those assets to a third party Upon our or our designated purchaser's exercise of the purchase option and tender of payment, you agree to sell and deliver, and cause your affiliates to sell and deliver, the purchased assets to us or our designated purchaser, free and clear of all encumbrances, and to execute and deliver, and cause your affiliates to execute and deliver, to us or our designated purchaser a bill of sale therefor and such other documents as may be commercially reasonable and customary to effectuate the sale and transfer of the assets being purchased

If we do not exercise our option to purchase under this subparagraph, you may sell or lease the Restaurant premises to a third party purchaser, provided that your agreement with the purchaser includes a covenant by the purchaser, which is expressly enforceable by us as a third party beneficiary, which the purchaser agrees, for a period of 2 years after the expiration or termination of this Agreement, not to use the premises for the operation of a restaurant business that has a menu or method of operation similar to that employed by our company-owned or franchised restaurants

C Claims You and your Principal Owners and guarantors may not assert any claim or cause of action against us or our affiliates relating to this Agreement or the SIZZLER® business after the shorter period of the applicable statute of limitations or one year following the effective date of termination of this Agreement, provided that where the one-year limitation of time is prohibited or invalid by or under any applicable law, then and in that event no suit or action may be commenced or maintained unless commenced within the applicable statute of limitations

GENERAL PROVISIONS

15 The parties agree to the following provisions

A Severability Should one or more clauses of this Agreement be held void or unenforceable for any reason by any court of competent jurisdiction, such clause or clauses will be deemed to be separable in such jurisdiction and the remainder of this Agreement is valid and in full force and effect and the terms of this Agreement must be equitably adjusted so as to compensate the appropriate party for any consideration lost because of the elimination of such clause or clauses It is the intent and expectation of each of the parties that each provision of this Agreement will be honored, carried out and enforced as written Consequently, each of the parties agrees that any provision of this Agreement sought to be enforced in any proceeding must, at the election of the party seeking enforcement and except as noted below the availability of an adequate remedy at law, be enforced by specific performance or any other equitable remedy

B Waiver/Integration No waiver by us of any breach by you, nor any delay or failure by us to enforce any provision of this Agreement, may be deemed to be a waiver of any other or subsequent breach or be deemed an estoppel to enforce our rights with respect to that or any other or subsequent breach Subject to our rights to modify Appendices and/or standards and as otherwise provided, this Agreement may not be waived, altered or rescinded, in whole or in part, except by a writing signed by you and us This Agreement together with the addenda and appendices and the application form executed by you requesting us to enter into this Agreement constitute the entire agreement between the parties and supersede any and all prior negotiations, understandings, representations and agreements You acknowledge and agree that you have not received any warranty or guarantee, express or implied, as to the potential volume, profits or success of your business There are no representations or warranties of any kind, express or implied, except as contained in this Agreement, and in the aforesaid application and franchise disclosure document ("FDD") Nothing in this or in any related agreement is intended to disclaim the representations we made in the FDD we furnished to you

C Notices Except as otherwise provided in this Agreement, any notice, demand or communication provided for in this Agreement must be in writing and either delivered personally or by a reputable overnight service or deposited in the United States mail, service or postage prepaid and addressed as follows

1 If intended for us, addressed to President, Sizzler USA Franchise, Inc, 25910 Acero Drive, Suite 350, Mission Viejo, California 92691,

2 If intended for you, addressed to you at ______________________ __________________________________ or at the Authorized Location, or,

in either case, as the intended party may change such address by written notice to the other party Notices for purposes of this Agreement will be deemed to have been received if mailed or delivered as provided in this subparagraph

D <u>Authority</u> Any modification, consent, approval, authorization or waiver granted hereunder required to be effective by signature will be valid only if in writing executed by the Operating Principal or, if on behalf of us, in writing executed by our President or one of our authorized Vice Presidents

E <u>References</u> If the franchisee is 2 or more individuals, the individuals are jointly and severally liable, and references to you in this Agreement include all of the individuals Headings and captions contained in this Agreement are for convenience of reference and may not be taken into account in construing or interpreting this Agreement

F <u>Guarantee</u> All Principal Owners of a franchisee that is a corporation, limited liability company, partnership or other legal entity must execute the form of undertaking and guarantee at the end of this Agreement Any person or entity that at any time after the date of this Agreement becomes a Principal Owner in accordance with the provisions of Paragraph 11 or otherwise must execute the form of undertaking and guarantee at the end of this Agreement within 10 days from the date such person or entity becomes a Principal Owner, provided, however, that any person or entity who becomes a Principal Owner shall automatically acquire all the obligations of a Principal Owner under this Agreement at the time such person or entity becomes a Principal Owner Before approving and entering into any transaction that would make any person or entity a Principal Owner, you must notify such person about the content of this subparagraph

G <u>Successors/Assigns</u> Subject to the terms of Paragraph 11 hereof, this Agreement is binding upon and inures to the benefit of the administrators, executors, heirs, successors and assigns of the parties

H <u>Interpretation of Rights and Obligations</u> The following provisions apply to and govern the interpretation of this Agreement, the parties' rights under this Agreement, and the relationship between the parties

1 <u>Applicable Law and Waiver</u> Subject to our rights under federal trademark laws and the parties' rights under the Federal Arbitration Act in accordance with Paragraph 12 of this Agreement, the parties' rights under this Agreement, and the relationship between the parties is governed by, and will be interpreted in accordance with, the laws (statutory and otherwise) of the state in which the Authorized Location is located You waive, to the fullest extent permitted by law, the rights and protections that might be provided through the laws of any state relating to franchises or business opportunities, other than those of the state in which the Authorized Location is located

2 <u>Our Rights</u> Whenever this Agreement provides that we have a certain right, that right is absolute and the parties intend that our exercise of that right will not be subject to any limitation or review We have the right to operate, administrate, develop, and change the System in any manner that is not specifically precluded by the provisions of this

Agreement, although this right does not modify the requirements of subparagraph 5 E and other express limitations as stated in this Agreement

3 Our Reasonable Business Judgment Whenever we reserve discretion in a particular area or where we agree to exercise our rights reasonably or in good faith, we will satisfy our obligations whenever we exercise Reasonable Business Judgment in making our decision or exercising our rights Our decisions or actions will be deemed to be the result of Reasonable Business Judgment, even if other reasonable or even arguably preferable alternatives are available, if our decision or action is intended, in whole or significant part, to promote or benefit the System generally even if the decision or action also promotes our financial or other individual interest Examples of items that will promote or benefit the System include, without limitation, enhancing the value of the Trademarks, improving customer service and satisfaction, improving product quality, improving uniformity, enhancing or encouraging modernization and improving the competitive position of the System

I Venue Any cause of action, claim, suit or demand allegedly arising from or related to the terms of this Agreement or the relationship of the parties that is not subject to arbitration under Paragraph 12, must be brought in the federal or state court in the geographic area encompassing our headquarters Both parties irrevocably submit themselves to, and consent to, the jurisdiction of said courts The provisions of this subparagraph will survive the termination of this Agreement You are aware of the business purposes and needs underlying the language of this subparagraph and, with a complete understanding thereof, agree to be bound in the manner as stated in this Agreement

J Jury Waiver All parties hereby waive any and all rights to a trial by jury in connection with the enforcement or interpretation by judicial process of any provision of this Agreement, and in connection with allegations of state or federal statutory violations, fraud, misrepresentation or similar causes of action or any legal action initiated for the recovery of damages for breach of this Agreement

K Waiver of Punitive Damages You and your affiliates and we and our affiliates agree to waive, to the fullest extent permitted by law, the right to or claim for any punitive or exemplary damages against the other and agree that in the event of any dispute between them, each will be limited to the recovery of actual damages sustained

L Relationship of the Parties You and we are independent contractors Neither party is the agent, legal representative, partner, subsidiary, joint venturer or employee of the other Neither party may obligate the other or represent any right to do so This Agreement does not reflect or create a fiduciary relationship or a relationship of special trust or confidence Without limiting the generality of the foregoing, we shall have no liability in connection with or related to the products or services rendered to you by any third party, even if we required, approved or consented to the product or service or designated or approved the supplier You are, and will remain, an independent contractor responsible for all obligations and liabilities of, and for all losses or damages to, the Restaurant and its assets, including any personal property, equipment, fixtures, or real property, and for all claims or demands based on damage to or destruction of property or based on injury, illness, or death of any person, directly or indirectly, resulting from the Restaurant's operation

M Force Majeure In the event of any failure of performance of this Agreement according to its terms by any party due to force majeure will not be deemed a breach of this Agreement For purposes of this Agreement, "force majeure" shall mean acts of God, State or governmental action, riots, disturbance, war, strikes, lockouts, slowdowns, prolonged shortage of energy supplies or any raw material, epidemics, fire, flood, hurricane, typhoon, earthquake, lightning and explosion or other similar event or condition, not existing as of the date of signature of this Agreement, not reasonably foreseeable as of such date and not reasonably within the control of any party, which prevents in whole or in material part the performance by one of the parties to this Agreement of its obligations hereunder

N Adaptations and Variances Complete and detailed uniformity under many varying conditions may not always be possible, practical, or in the best interest of the System Accordingly, we have the right to vary the Menu Items and other standards, specifications, and requirements for any franchised restaurant or franchisee based upon the customs or circumstances of a particular franchise or operating agreement, site or location, population density, business potential, trade area population, existing business practice, competitive circumstance or any other condition that we deem to be of importance to the operation of such restaurant or store, franchisee's business or the System We are not required to grant to you a like or other variation as a result of any variation from standard menus, specifications or requirements granted to any other franchisee You acknowledge that you are aware that our other franchisees operate under a number of different forms of agreement that were entered into at different times and that, consequently, the obligations and rights of the parties to other agreements may differ materially in certain instances from your rights and obligations under this Agreement

O Notice of Potential Profit We and/or our affiliates may from time to time make available to you or require you to purchase goods, products and/or services for use in your Restaurant on the sale of which we and/or our affiliates may make a profit Further, we and/or our affiliates may from time to time receive consideration from suppliers and/or manufacturers in respect to sales of goods, products or services to you or in consideration of services rendered or rights licensed to such persons You agree that we and/or our affiliates are entitled to said profits and/or consideration

P Updating Your Franchise Agreement If at any time during the term of this Agreement you and us enter into a subsequent franchise agreement (the "Subsequent Agreement") granting you the right to operate another SIZZLER® restaurant and the terms of the Subsequent Agreement are different from the terms of this Agreement, you will have the right to request that this Agreement be replaced by a franchise agreement containing terms and conditions similar to the Subsequent Agreement (the "New Agreement"), but such right shall be conditioned upon you meeting all the conditions stipulated in subparagraph 4 B of this Agreement, except that you shall pay a fee of only $2,500, provided, however, that the term under the New Agreement shall be equal to the term left under this Agreement at the time of the execution of the New Agreement You must exercise the rights granted under this subparagraph within 30 days after the date you execute the Subsequent Agreement

Q Effective Date We will designate the "Effective Date" of this Agreement in the space provided on the cover page If no Effective Date is designated on the cover page, the Effective Date is the date when we sign this Agreement However, as described in subparagraph 5 A, you do not have the right to, and may not, open and commence operation of a Restaurant at the Authorized Location until we notify you that you have satisfied all of the pre-opening conditions as stated in this Agreement

IN WITNESS WHEREOF, the parties have executed this Franchise Agreement on the dates written below

FRANCHISEE (For an Entity)	FRANCHISEE (For an Individual)
Date ____________________	Date ____________________
____________________,	Name ____________________
a ____________________	(Please type or print)

(Please type or print name and type of entity)

By ______________________________
(Signature of person signing on behalf of entity)

____
(Please type or print name of person signing on behalf of entity)

Its ______________________________
(Please type or print title of person signing on behalf of entity)

Signature ______________________________

Date ______________________________

Name ______________________________
(Please type or print)

Signature ______________________________

US

SIZZLER USA FRANCHISE, INC

Date ______________________________

By ______________________________

Its ______________________________

PERSONAL GUARANTY AND AGREEMENT TO BE BOUND PERSONALLY BY THE TERMS AND CONDITIONS OF THE FRANCHISE AGREEMENT

In consideration of the execution of the Franchise Agreement (the "Agreement") between SIZZLER USA FRANCHISE, INC ("we" or "us") and ____________________________ (the "Franchisee"), dated ____________________________, and for other good and valuable consideration, the undersigned, for themselves, their heirs, successors, and assigns, do jointly, individually and severally hereby become surety and guarantor for the payment of all amounts and the performance of the covenants, terms and conditions in the Agreement, to be paid, kept and performed by the Franchisee, including without limitation the arbitration and other dispute resolution provisions of the Agreement

Further, the undersigned, individually and jointly, hereby agree to be personally bound by each and every condition and term contained in the Agreement, including but not limited to the non-compete provisions in subparagraph 10 D, and agree that this Personal Guaranty will be construed as though the undersigned and each of them executed an agreement containing the identical terms and conditions of the Agreement

The undersigned waive (1) notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed, (2) protest and notice of default to any party respecting the indebtedness or nonperformance of any obligations hereby guaranteed, (3) any right he/she may have to require that an action be brought against the Franchisee or any other person as a condition of liability, and (4) notice of any changes permitted by the terms of the Agreement or agreed to by the Franchisee

In addition, the undersigned consents and agrees that (1) the undersigned's liability will not be contingent or conditioned upon our pursuit of any remedies against the Franchisee or any other person, (2) such liability will not be diminished, relieved or otherwise affected by the Franchisee's insolvency, bankruptcy or reorganization, the invalidity, illegality or unenforceability of all or any part of the Agreement, or the amendment or extension of the Agreement with or without notice to the undersigned, and (3) this Personal Guaranty shall apply in all modifications to the Agreement of any nature agreed to by Franchisee with or without the undersigned receiving notice thereof

It is further understood and agreed by the undersigned that the provisions, covenants and conditions of this Personal Guaranty will inure to the benefit of our successors and assigns

FRANCHISEE ____________________________

PERSONAL GUARANTORS

____________________________ Individually	____________________________ Individually
____________________________ Print Name	____________________________ Print Name
____________________________ Address	____________________________ Address
____________________________ City State Zip Code	____________________________ City State Zip Code
____________________________ Telephone	____________________________ Telephone

US 124220163 02

Individually

Print Name

Address

City State Zip Code

Telephone

Individually

Print Name

Address

City State Zip Code

Telephone

OWNERSHIP AND MANAGEMENT ADDENDUM TO
SIZZLER® FRANCHISE AGREEMENT

1 Operating Principal You represent and warrant to us that the following person, and only the following person, is the Operating Principal

NAME	TITLE	ADDRESS

2 Ownership You represent and warrant to us that the following person(s) and entities, and only the following person(s) and entities, have ownership interests in the franchisee entity

NAME	HOME ADDRESS	PERCENTAGE OF INTEREST

3 Change You must immediately notify us in writing of any change in the information contained in this Addendum and, at our request, prepare and sign a new Addendum containing the correct information

4 Effective Date This Addendum is effective as of this ______ day of ____________, 20___

______________________________ ______________________________

Your Initials Our Initials

Appendix A to the Franchise Agreement

Trademarks

You have the right to use the following Trademarks in accordance with the terms of the Franchise Agreement

PRINCIPAL TRADEMARKS	PRINCIPAL REGISTER	REGISTRATION DATE	REGISTRATION NUMBER/ CLASS
SIZZLER	Principal	12/16/1969	882,633 Int'l Class 42
SIZZLER	Principal	3/24/1970	888,458 Int'l Class 35
SIZZLER	Principal	2/25/1986	1,384,530 Int'l Class 30
SIZZLER	Principal	10/20/1987	1,462,078 Int'l Class 29
SIZZLER	Principal	09/28/1993	1,795,103 Int'l Class 25
SIZZLER FAMILY STEAKHOUSE	Principal	1/8/1974	976,493 Int'l Class 42
SIZZLER SS & Design	Principal	1/21/2009	3,657,044 Int'l Class 43
Smoking SS Design	Principal	8/2/2005	2,982,277 Int'l Class 29, 30, 43
WHERE AMERICA COMES TO EAT	Principal	6/9/2009	3,636,376 Int'l Class 43

We may amend this Appendix A from time to time in order to make available additional Trademarks or to delete those Trademarks that become unavailable You agree to use only those Trademarks that are then-currently authorized The Trademarks must be used only in the manner that we specify No deviations will be permitted

Appendix B to the Franchise Agreement

The Designated Area

The Authorized Location for your Restaurant as stated in Paragraph 2 A of your Franchise Agreement is as follows ____

As stated in Subparagraph 2 B of the Franchise Agreement, subject to the terms and conditions of the Franchise Agreement, the Designated Area in which you will locate and operate the Restaurant is defined as follows

____
____
____
____
____

The Designated Area is considered fixed as of the date of the Franchise Agreement.

FRANCHISEE	FRANCHISOR
______________________	SIZZLER USA FRANCHISE, INC
______________________	______________________
By ______________________	By ______________________
Its ______________________	Its ______________________

Appendix C to the Franchise Agreement

Addendum to Lease

This Addendum to Lease ("Addendum"), dated ______________, 200__, is entered into between ________________("Landlord"), and ______________________("Tenant")

RECITALS

A The parties have entered into a Lease Agreement, dated _________, 200__, (the "Lease") pertaining to the premises located at ______________________________________ (the "Premises")

B Landlord acknowledges that Tenant has agreed to operate a Restaurant at the Premises in accordance with the Tenant's Franchise Agreement (the "Franchise Agreement") with Sizzler USA Franchise Inc ("SIZZLER") under the name "Sizzler®" or other name designated by SIZZLER (the "Restaurant")

C The parties desire to amend the Lease in accordance with the terms and conditions contained in this Addendum to provide SIZZLER the opportunity to preserve the Premises as a SIZZLER branded restaurant as provided in the Franchise Agreement

AGREEMENT

Landlord and Tenant agree to amend the Lease as follows

1 Remodeling and Decor Landlord agrees that Tenant has the right to remodel, equip, paint and decorate the interior of the Premises and to display such proprietary marks and signs on the interior and exterior of the Premises as Tenant is reasonably required to do in accordance with the Franchise Agreement and any successor Franchise Agreement under which Tenant may operate a Restaurant on the Premises Any remodel of the building and/or its signs shall be subject to Landlord's prior and reasonable approval

2 Assignment by Tenant

(a) Tenant does not have the right to sublease or assign the Lease to any third party without SIZZLER's and Landlord's written approval

(b) So long as Tenant is in good standing under the Lease, Tenant has the right to assign all of its right, title and interest in the Lease to SIZZLER, its affiliates or its parent company, during the term of the Lease, including any extensions or renewals, without first obtaining Landlord's consent No assignment will be effective, however, until SIZZLER or its designated affiliate (the "SIZZLER Entity") gives Landlord written notice of its acceptance of the assignment SIZZLER will be responsible for the lease obligations incurred after the effective date of the assignment

(c) If SIZZLER elects to assume the Lease, under this subparagraph or unilaterally assumes the lease as provided for in subparagraph 3(a) or 4(a), Landlord and Tenant agree that (i) Tenant will remain liable for the responsibilities and obligations, including amounts owed to Landlord, prior to the date of assignment and assumption, and (ii) SIZZLER will have the right to sublease the Premises to another franchisee with Landlord's prior reasonable approval, provided the franchisee meets SIZZLER's then-current standards and requirements for franchisees and agrees to operate the Restaurant as a Sizzler restaurant in accordance with a Franchise Agreement with SIZZLER Upon receipt by Landlord of an assumption agreement upon which the assignee agrees to assume the Lease and to observe the terms, conditions and agreements on the part of Tenant to be performed under the Lease, SIZZLER shall thereupon be released from all liability as tenant under the Lease from and after the date of assignment, without any need of a written acknowledgment of such release by Landlord

3 Default and Notice

(a) Landlord shall send SIZZLER copies of all notices of default it gives to Tenant concurrently with giving such notices to Tenant If Tenant fails to cure any defaults within the period specified in the Lease, Landlord shall promptly give SIZZLER written notice thereof, specifying the defaults Tenant failed to cure SIZZLER has the right, but not the obligation, to unilaterally assume the Lease if Tenant fails to cure SIZZLER shall have 15 days from the date SIZZLER receives such notice to exercise, by written notice to Landlord and Tenant, its right for SIZZLER or a SIZZLER Entity to assume the Lease SIZZLER shall have an additional 15 days from the expiration of Tenant's cure period in which to cure the default or violation

(b) If the SIZZLER Entity elects to assume the Lease, the SIZZLER Entity shall not be required to cure defaults and/or to begin paying rent until Landlord delivers possession of the Premises to the SIZZLER Entity The SIZZLER Entity shall have the right, at any time until Landlord delivers possession of the Premises, to rescind the option exercise, by written notice to Landlord

(c) All notices to SIZZLER must be sent by registered or certified mail, postage prepaid, to the following address

Sizzler USA Franchise, Inc
6101 W Centinela Ave , Suite 300
Culver City, California 90230
Attention President

SIZZLER may change its address for receiving notices by giving Landlord written notice of the new address Landlord agrees that it will notify both Tenant and SIZZLER of any change in Landlord's mailing address to which notices should be sent

4 Termination, Non-Renewal, Expiration

(a) If the Franchise Agreement is terminated for any reason during the term of the Lease or any extension thereof, SIZZLER has the right, but not the obligation, to unilaterally assume the Lease by giving Landlord written notice Within 30 days after receipt of such notice, Landlord shall give SIZZLER written notice specifying any defaults of Tenant under the Lease

(b) If the Lease contains term renewal or extension right(s) and if Tenant allows the term to expire without exercising said right(s), Landlord shall give SIZZLER written notice thereof, and a SIZZLER Entity shall have the option, for thirty (30) days after receipt of said notice, to exercise the Tenant's renewal or extension right(s) on the same terms and conditions as are contained in the Lease If a SIZZLER Entity elects to exercise such right(s) it shall so notify Landlord in writing, whereupon Landlord and the SIZZLER Entity shall promptly execute and deliver an agreement whereby the SIZZLER Entity assumes the Lease, effective at the commencement of the extension or renewal term

5 Access to Premises Following Expiration or Termination of Lease Upon the expiration or termination of the Lease, Landlord will cooperate with and assist SIZZLER in gaining possession of the Premises and if a SIZZLER Entity does not elect to enter into a new lease for the Premises

with Landlord on terms reasonably acceptable to the SIZZLER Entity, Landlord will allow SIZZLER to enter the Premises, without being guilty of trespass and without incurring any liability to Landlord, except for any damages caused by SIZZLER's willful misconduct or gross negligence, to remove all signs, awnings, and all other items identifying the Premises as a SIZZLER® Restaurant and to make such other modifications (such as repainting) as are reasonably necessary to protect the SIZZLER® marks and system In the event SIZZLER exercises its option to purchase assets of Tenant, Landlord must permit SIZZLER to remove all such assets being purchased by SIZZLER

6 <u>Additional Provisions</u>

(a) Landlord hereby acknowledges that the provisions of this Addendum are required in accordance with the Franchise Agreement under which Tenant plans to operate its business and the Tenant would not lease the Premises without this Addendum

(b) Landlord further acknowledges that Tenant is not an agent or employee of SIZZLER and the Tenant has no authority or power to act for, or to create any liability on behalf of, or to in any way bind SIZZLER or any affiliate of SIZZLER, and that Landlord has entered into this Addendum with full understanding that it creates no duties, obligations or liabilities of or against SIZZLER or any affiliate of SIZZLER, unless and until the Lease is assigned to, and accepted in writing by, SIZZLER

(c) SIZZLER Entity may elect not to assume or be bound by the terms of any amendment to the Lease executed by Tenant without obtaining SIZZLER's prior written approval, which shall not be unreasonably withheld or delayed

7 <u>Sales Reports</u> If requested by SIZZLER, Landlord will provide SIZZLER with whatever information Landlord has regarding Tenant's sales from the Restaurant

8 <u>Modification</u> No amendment or variation of the terms of this Addendum is valid unless made in writing and signed by the parties and the parties have obtained the written consent of SIZZLER

9 <u>Reaffirmation of Lease</u> Except as amended or modified in this Addendum, all of the terms, conditions and covenants of the Lease remain in full force and effect and are incorporated by reference and made a part of this Addendum as though copied in full In the event of any conflict between the terms of this Addendum and those in the Lease, the terms of this Addendum shall control

10 <u>Beneficiary</u> Landlord and Tenant expressly agree that SIZZLER is a third party beneficiary of this Addendum

IN WITNESS WHEREOF, the parties have executed this Addendum as of the dates written below

TENANT	LANDLORD
______________________	______________________
By______________________	By______________________
Its______________________	Its______________________

Appendix D to the Franchise Agreement

Electronic Transfer of Funds Authorization

Franchisee ____________________
Location ____________________
Date ____________________

NEW	CHANGE

Attention Bookkeeping Department
The undersigned hereby authorizes Sizzler USA Franchise, Inc , its parent company or any affiliated entity (collectively, "SIZZLER"), to initiate weekly ACH debit entries against the account of the undersigned with you in payment of amounts for Royalty Fees, PMF Fees or other amounts that become payable by the undersigned to SIZZLER The dollar amount to be debited per payment will vary

Subject to the provisions of this letter of authorization, you are hereby directed to honor any such ACH debit entry initiated by SIZZLER

This authorization is binding and will remain in full force and effect until 90 days prior written notice has been given to you by the undersigned The undersigned is responsible for, and must pay on demand, all costs or charges relating to the handling of ACH debit entries in accordance with this letter of authorization

Please honor ACH debit entries initiated in accordance with the terms of this letter of authorization, subject to there being sufficient funds in the undersigned's account to cover such ACH debit entries

*** We also need a VOIDED Check ***

Sincerely yours,

____
Account Name

____
Bank Name

____
Street Address

____
Branch

____
City State Zip Code

____
Street Address

____
Telephone Number

____
City State Zip Code

By____________________

____
Bank Telephone Number

Its____________________

____
Bank's Account Number

Date____________________

____
Customer's Account Number

Appendix E to the Franchise Agreement

Gift Cards Participation Agreement

Form of
PARTICIPATION AGREEMENT
(Subject to Change)

WHEREAS, ______________________________, a _____________ ("Participant") owns and operates a _______________ in accordance with a franchise arrangement with _________________ ("Franchisor")

WHEREAS, Franchisor and Stored Value Systems, Inc ("SVS") have entered into that certain Services Agreement (the "Services Agreement") dated ___, 20__, for SVS to provide services in connection with Franchisor's gift card program whereby gift cards are issued to the customers for use as gift certificates, promotional cards and store credit, and

WHEREAS, the Services Agreement provides that Participant may participate in the gift card program by executing this Participation Agreement

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Franchisee hereby covenants and agrees to SVS as follows

1 Participation in Gift Card Program By entering into this Agreement, Participant elects and agrees to participate in the gift card program and agrees to be bound by the terms and provisions of the Services Agreement applicable to Participant, as the same may be amended from time to time including without limitation, its obligation to make payment of all amounts owed by Participant in connection with the gift card program
2
2 ACH Authorization Participant understands and agrees that amounts due and owing from Participant to SVS in connection with the gift card program will be automatically debited from Participant's designated bank account(s) by ACH Participant understands and agrees that SVS is acting as settlement agent for Participant and other participants in the gift card program for the settlement of gift card redemptions between gift card program participants Accordingly, SVS will initiate ACH debits from and credits to Participant's designated bank account(s) for amounts due to/from Participant for redemptions of gift cards Participant also will complete and sign an ACH authorization form, in the form provided by SVS, and will send the original to Participant's bank and a copy to SVS While the gift card program is in effect, Participant will provide updated information and forms as requested by SVS, including, such information and forms as needed for any new locations opened by Participant

3 Funding Participant acknowledges, agrees and understands that proper funding of its designated bank account(s) for the gift card program is necessary to ensure fair and efficient administration of the gift card program Participant agrees to ensure that its bank accounts are properly funded for the ACH settlement process and for ACH debits of settlement fees owed to SVS

4 Confidentiality Participant acknowledges that the Services Agreement is confidential and that Participant may be provided access to other Confidential Information of SVS Participant agrees to maintain the confidentiality of all SVS Confidential Information in accordance with the confidentiality provisions in the Services Agreement

5 No Assignment This Participation Agreement is not assignable, in whole or in part, without the prior written approval of Franchisor and SVS
6 Miscellaneous All capitalized terms not defined shall have the meaning attributable in the Services Agreement

IN WITNESS WHEREOF, the undersigned has executed this Participation Agreement as of the ____ day of ________, 20__

PARTICIPANT ______________________	Address ______________________
By ______________________	______________________
Printed Name ______________________	______________________
Title ______________________	______________________

Appendix F to the Franchise Agreement

Advertising Cooperative

Addendum to Franchise Agreement

This Addendum to Franchise Agreement ("Addendum") amends the _______, 20__ Franchise Agreement ("Franchise Agreement") between Sizzler USA Franchise, Inc ("Sizzler" or "we") and ____________ ("Franchisee" or "you") All capitalized terms not defined have the meanings as stated in the Franchise Agreement This Addendum is deemed effective as of the date we sign below ("Effective Date")

WHEREAS, the Franchise Agreement grants Franchisee the right to operate a Sizzler® Restaurant at ________________ (the "Restaurant"),

WHEREAS, the Restaurant is or will be located in a geographic area where an advertising cooperative has existed prior to January 2010 (the "Existing Cooperative"),

WHEREAS, Sizzler and Franchisee wish to modify the Franchise Agreement as follows

AGREEMENT

1 Notwithstanding Section 8 E of the Franchise Agreement, Franchisee and Sizzler agree that the Restaurant will participate in an Advertising Co-Op Region (as defined in the Franchise Agreement) on the same general basis and framework utilized by the Existing Cooperative, except that no Existing Cooperative may

   a Publish or otherwise release any advertising or marketing material without first obtaining Sizzler's written approval, or

   b Alter its bylaws to modify Sizzler's absolute right to review, for purposes of determining whether to render or withhold its approval, all advertising and marketing materials prior to publication

2 Franchisee acknowledges and agrees that this Addendum applies to the above-listed Restaurant only Specifically, Franchisee acknowledges that, if Franchisee or any affiliated entity establishes a Sizzler® restaurant in a geographic area in which no Existing Cooperative is present, such restaurant must comply fully with Sizzler's then-current cooperative advertising requirements

3 Except as modified herein, the terms of the Franchise Agreement control

FRANCHISEE	FRANCHISOR
______________________________	SIZZLER USA FRANCHISE, INC
______________________________	______________________________
By ___________________________	By ___________________________
Its __________________________	Its __________________________
Date Signed ___________________	Effective Date ________________

Appendix G to the Franchise Agreement

State Addenda

ADDENDUM TO
SIZZLER®
FRANCHISE AGREEMENT FOR THE
STATE OF CALIFORNIA

This Addendum pertains to franchises sold in the State of California and is for the purpose of complying with California statutes and regulations Notwithstanding anything which may be contained in the body of the Franchise Agreement to the contrary, the Agreement is amended to include the following

1 Section 9 of the Franchise Agreement is amended to include the following language "You do not make any payments to us or our affiliates until we have completed our pre-opening obligations to you and you commence business operations "

2 Section 10 of the Franchise Agreement contains a covenant not to compete which extends beyond the term of the franchise This provision may not be enforceable under California law

3 California Business & Professions Code Sections 20000 through 20043 provide rights to you concerning termination, transfer or nonrenewal of a franchise If the franchise agreement contains a provision that is inconsistent with the law, the law will control

4 In all other respects, the Franchise Agreement will be construed and enforced according to its terms

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

FRANCHISEE	FRANCHISOR
______________________________	SIZZLER USA FRANCHISE, INC
______________________________	______________________________
By ___________________________	By ___________________________
Its ___________________________	Its ___________________________

ADDENDUM TO
SIZZLER®
FRANCHISE AGREEMENT FOR THE
STATE OF ILLINOIS

Illinois law governs the Franchise Agreement(s)

Payment of Initial Franchise Fees will be deferred until Franchisor has met its initial obligations to franchisee, and franchisee has commenced doing business This financial assurance requirement was imposed by the Office of the Illinois Attorney General due to Franchisor's financial condition

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void However, a franchise agreement may provide for arbitration to take place outside of Illinois

Your rights upon Termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act

In conformance with section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void

FRANCHISEE	FRANCHISOR
______________________________	SIZZLER USA FRANCHISE, INC
______________________________	______________________________
By ____________________________	By ____________________________
Its ____________________________	Its ____________________________

ADDENDUM TO
SIZZLER®
FRANCHISE AGREEMENT FOR THE
STATE OF WASHINGTON

The state of Washington has a statute, RCW 19 100 180 which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise

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

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

A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, rights or remedies under the Act such as a right to a jury trial may not be enforceable

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

The collection of the initial franchise fee will be deferred until the franchisor has fulfilled its initial pre-opening obligations and the franchisee is open for business

The undersigned does hereby acknowledge receipt of this addendum

Dated this ________________ day of ________________________________ 20_____

________________________________	________________________________
FRANCHISOR NAME	PROSPECTIVE FRANCHISEE

Appendix H to the Franchise Agreement

Acknowledgement Addendum

ACKNOWLEDGMENT ADDENDUM TO SIZZLER® FRANCHISE AGREEMENT

As you know, you and we are entering into a Franchise Agreement for the operation of a SIZZLER® Restaurant The purpose of this Acknowledgment Addendum is to determine whether any statements or promises were made to you that we have not authorized or that may be untrue, inaccurate or misleading, and to be certain that you understand the limitations on claims that may be made by you by reason of the offer and sale of the franchise and operation of your business Please review each of the following questions carefully and provide honest responses to each question

Acknowledgments and Representations*

1 Did you receive a copy of our Disclosure Document (and all exhibits and attachments) at least (a) 14 calendar days prior to signing the Franchise Agreement, **or** (b) if you are a resident of **New York**, at the earlier of the first personal meeting or 10 business days before the execution of the Franchise Agreement (or other agreement) or payment of any consideration, **or** (c) if you are a resident of **Iowa** or **Michigan**, at the earlier of 10 business days before the execution of any binding agreement or payment of any consideration? Check one (_) Yes (_) No If no, please comment ____________

____

____

2 Have you studied and reviewed carefully our Disclosure Document and Franchise Agreement? Check one (_) Yes (_) No If no, please comment ______________________

____

3 If the Franchisor made any unilateral changes to the Franchise Agreement or Area Development Agreement, did you receive a copy of the complete revised agreement at least 7 calendar days prior to the date on which the Franchise Agreement or Area Development Agreement was executed? Check one (_) Yes (_) No If no, please comment ______________________

____

4 Did you understand all the information contained in both the Disclosure Document and Franchise Agreement? Check one (_) Yes (_) No If no, please comment ______________________

____

5 Was any oral, written or visual claim or representation made to you that contradicted the disclosures in the Disclosure Document? Check one (_) Yes (_) No If yes, please state in detail the oral, written or visual claim or representation ______________________

____

6 Except as state in Item 19 of the Disclosure Document, did any employee or other person speaking on behalf of Sizzler USA Franchise, Inc make any oral, written or visual claim, statement, promise or representation to you that stated, suggested, predicted or projected sales, revenues, earnings, income or profit levels at any SIZZLER® location or business, or the likelihood of success at your Franchised Business? Check one (_) Yes (_) No If yes, please state in detail the oral, written or visual claim or representation ______________________

____

7 Did any employee or other person speaking on behalf of Sizzler USA Franchise, Inc make any statement or promise regarding the costs involved in operating a franchise that is not contained in the Disclosure Document or that is contrary to, or different from, the information contained in the Disclosure Document Check one (__) Yes (__) No If yes, please comment ________________

____

____

8 Do you understand that that the franchise granted is for the right to develop and operate the Restaurants in the Designated Territory, as stated in Subparagraph 2 B, and that, according to Subparagraph 2 D, we and our affiliates have the right to distribute products through alternative methods of distribution and to issue franchises or operate competing businesses for or at locations, as we determine, (i) outside of your Designated Area using any trademarks, (ii) inside your Designated Territory using any trademarks other than the SIZZLER® Trademark, and (iii) inside the Designated Territory using the SIZZLER® Trademark, for facilities at Special Sites? Check one (__) Yes (__) No If no, please comment ____

____

9 Do you understand that the Franchise Agreement contains the entire agreement between you and us concerning the franchise for the Restaurant, meaning that any prior oral or written statements not set out in the Franchise Agreement or Disclosure Document will not be binding? Check one (__) Yes (__) No If no, please comment ____

10 Do you understand that the success or failure of your Restaurant will depend in large part upon your skills and experience, your business acumen, your location, the local market for products under the SIZZLER® trademarks, interest rates, the economy, inflation, the number of employees you hire and their compensation, competition and other economic and business factors? Further, do you understand that the economic and business factors that exist at the time you open your Business may change? Check one (__) Yes (__) No If no, please comment ______________________________

____

11 Do you understand that any training, support, guidance or tools we provide to you as part of the franchise are for the purpose of protecting the SIZZLER® brand and Trademarks and to assist you in the operation of your Business and not for the purpose of controlling or in any way intended to exercise or exert control over your decisions or day-to-day operations of your Business, including your sole responsibility for the hiring, wages and other compensation (including benefits), training, supervision and termination of your employees and all other employment and employee related matters? Check One (__) Yes (__) No If no, please comment ____________________________

____

____

12 Do you understand that you are bound by the non-compete covenants (both in-term and post-term) listed in Subparagraph 10 D and that an injunction is an appropriate remedy to protect the interests of the SIZZLER® system if you violate the covenant(s)? Further, do you understand that the term "you" for purposes of the non-compete covenants is defined broadly in subparagraph 10 D, such that any actions in violation of the covenants by those holding any interest in the franchisee entity may result in an injunction, default and termination of the Franchise Agreement? Check one (__) Yes (__) No If no, please comment ____

____

YOU UNDERSTAND THAT YOUR ANSWERS ARE IMPORTANT TO US AND THAT WE WILL RELY ON THEM BY SIGNING THIS ADDENDUM, YOU ARE REPRESENTING THAT YOU HAVE CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS IF MORE SPACE IS NEEDED FOR ANY ANSWER, CONTINUE ON A SEPARATE SHEET AND ATTACH

<u>NOTE</u> IF THE RECIPIENT IS A CORPORATION, PARTNERSHIP, LIMITED LIABILITY COMPANY OR OTHER ENTITY, EACH OF ITS PRINCIPAL OWNERS MUST EXECUTE THIS ACKNOWLEDGMENT

	APPROVED ON BEHALF OF SIZZLER USA FRANCHISE, INC
Signed ______________________	By ______________________
Print Name ______________________	Title ______________________
Date ______________________	Date ______________________

*Such representations are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Illinois Franchise Disclosure Act or under the Maryland Franchise Registration and Disclosure Law Except to the extent we have negotiated changes to the Franchise Agreement that differ from the FDD, nothing in this Acknowledgment Addendum or in any related agreement is intended to disclaim representations made in Sizzler USA Franchise, LLC's FDD that was furnished to you

EXHIBIT D

Area Development Agreement

Sizzler®

Area Development Agreement

Between

Sizzler USA Franchise, Inc
25910 Acero Drive, Suite 350
Mission Viejo, California 92691

And

____

____
Name of Developer(s)

____
Street Address

____
City State Zip Code

____
Phone Number

Effective Date

____
(To be completed by Us)

TABLE OF CONTENTS

SIZZLER®
AREA DEVELOPMENT AGREEMENT

This Area Development Agreement is made this __ day of ______, 20___ between SIZZLER USA FRANCHISE, LLC, a Delaware corporation with its principal business located at 25910 Acero Drive, Suite 350, Mission Viejo, California 92691 ("we" or "us") and ______________________________ _______, a(n) _____________________ whose principal business address is _______________________ ______ ("developer" or "you") If the developer is a corporation, partnership or limited liability company, certain provisions of the Agreement also apply to your owners and will be noted

RECITALS

A We and our affiliates have developed a unique system for mid-scale, casual dining restaurants that feature steak, seafood, poultry, salad bar, unique food service and other products, beverages and services using certain standards and specifications,

B Many of the food and beverage products are prepared according to specified recipes and procedures, some of which include proprietary sauces and mixes,

C We own the SIZZLER® Trademark and other trademarks used in connection with the operation of a SIZZLER® restaurant,

D We have the right to sublicense the right to develop and operate SIZZLER® restaurants, and

E You desire to develop and operate a SIZZLER® restaurant and we, in reliance on your representations, have approved your franchise application

In consideration of the foregoing and the mutual covenants and consideration below, you and we agree as follows

DEFINITIONS

1 For purposes of this Agreement, the terms below have the following definitions

A "Menu Items" means the steak, seafood, poultry, salad bar, and other products and beverages prepared according to our specified recipes and procedures, as we may modify and change them from time to time

B 'Principal Owner" means any person who directly or indirectly owns a 10% or greater interest in the developer when the developer is a corporation, limited liability company, a partnership, or a similar entity However, if we are entering into this Agreement totally or partially based on the financial qualifications, experience, skills or managerial qualifications of any person or entity who directly or indirectly owns less than a 10% interest in the developer, we have the right to designate that person or entity as a Principal Owner for all purposes under this Agreement, including, but not limited to, the execution of the personal guaranty referenced in Section 10 J below In addition, if the developer is a partnership entity, then each general partner is a Principal Owner, regardless of the percentage of ownership interest If the developer is one or more individuals, each individual is a Principal Owner of the developer You must have at least one Principal Owner

C “Restaui ants” means the SIZZLER® Restaui ants you develop and operate pursuant to thıs Agreement

D “System” means the SIZZLER® System, whıch consısts of dıstınctıve food and beveı age products prepared accoı dıng to specıal and confidentıal ıecıpes and formulas wıth unıque storage, preparatıon, servıce and delıvery procedures and technıques, offered ın a settıng of dıstınctıve exteı ıor and ınteı ıoı layout, desıgn and color scheme, sıgnage, furnıshıngs and materıals and usıng certaın dıstınctıve types of facılıtıes, equıpment, supplıes, ıngredıents, busıness technıques, methods and procedures togetheı wıth sales pı omotıon programs, all of whıch we may modıfy and change fı om tıme to tıme

E “Trademarks” means the SIZZLER® Trademark and Servıce Mark that have been regıstered ın the Unıted States and elsewhere and the tı ademarks, servıce marks and trade names set forth ın each Fı anchıse Agreement, as we may modıfy and change from tıme to tıme, and the trade dress and otheı commercıal symbols used ın the Restauı ants Tı ade dı ess ıncludes the desıgns, coloı schemes and ımage we authorıze you to use ın the operatıon of the Restauı ants from tıme to tıme

GRANT OF DEVELOPMENT RIGHTS

2 The followıng provısıons control wıth respect to the rıghts granted hereunder

A We gı ant to you, undeı the terms and condıtıons of thıs Agreement, the ıı ght to develop and operate _________ (___) SIZZLER® Restauı ants (the “Restauı ants”) wıthın the terrıtory descrıbed ın Appendıx A (“Development Terrıtory”)

B You are bound by the development schedule (“Development Schedule”) set forth ın Appendıx B Tıme ıs of the essence for the development of each Restauı ant ın accordance wıth the Development Schedule Each Restauı ant must be developed and operated pursuant to a separate Franchıse Agreement that you enter ınto wıth us pursuant to Sectıon 4 B below

C If you are ın complıance wıth the Development Schedule set forth ın Appendıx B, we wıll not develop oı opeı ate or gı ant anyone else a franchıse to develop and operate a SIZZLER® Restaurant (except for the Specıal Sıtes oı as otherwıse set forth ın thıs Agreement) ın the Development Terrıtory prıor to the earlıeı of (ı) the expıratıon oı termınatıon of thıs Agreement, (ıı) the date on whıch you must execute the Franchıse Agreement for your last restaurant pursuant to the terms of the Development Schedule, oı (ııı) the date on whıch the Desıgnated Area for your final Restaurant undeı thıs Agı eement ıs determıned Howeveı, ın the event that the Development Terrıtory covers moı e than one cıty, county or desıgnated market area, the pı otectıon foı each partıculaı cıty, county oı desıgnated maı ket aı ea shall expıı e upon the earlıest of (ı) any of the foregoıng events or (ıı) the date when the Desıgnated Area for your final Restauı ant to be developed ın such cıty, county oı desıgnated maı ket aı ea undeı thıs Agı eement ıs deteı mıned Notwıthstandıng anythıng ın thıs Agı eement, upon the earlıest occurrence of any of the foı egoıng events (ı) the Development Terrıtory shall expıre and (ıı) we wıll be entıtled to develop and opeı ate, oı to fı anchıse otheı s to develop and opeı ate, SIZZLER® restaurants ın the Development Terrıtory, except as may be otherwıse provıded under any Fı anchıse Agı eement that has been executed between us and you and that has not been teı mınated At the tıme you execute your final Fı anchıse Agı eement undeı the Development Schedule you must have an Authoı ızed Locatıon for your final Restaurant

D The rights granted under this Agreement are limited to the right to develop and operate Restaurants located in the Development Territory, and do not include (i) any right to offer or sell products and Menu Items identified by the Trademarks at any location or through any other channels or methods of distribution, including the internet (or any other existing or future form of electronic commerce), other than at Restaurants within the Development Territory, (ii) any right to sell products and Menu Items identified by the Trademarks to any person or entity for resale or further distribution, or (iii) any right to exclude, control or impose conditions on our development or operation of franchised, company or affiliate owned restaurants at any time or at any location outside of the Development Territory You may not use the word "Sizzler" or any of the other Trademarks as part of the name of your corporation, partnership, limited liability company or other similar entity

You acknowledge and agree that we and our affiliates have the right to operate and franchise others the right to operate restaurants or any other business within and outside the Development Territory under trademarks other than the SIZZLER® Trademarks, without compensation to any franchisee, except that our operation of, or association or affiliation with, restaurants (through franchising or otherwise) in the Development Territory that compete with SIZZLER® restaurants in the mid-scale, casual dining restaurant segment will only occur through some form of merger or acquisition with an existing restaurant chain Outside of the Development Territory, we and our affiliates have the right to grant other franchises or develop and operate company or affiliate owned SIZZLER® restaurants and offer, sell or distribute any products or services associated with the System (now or in the future) under the Trademarks or any other trademarks, service marks or trade names or through any distribution channel or method, all without compensation to any franchisee

We and our affiliates have the right to offer, sell or distribute, within and outside the Development Territory, any frozen, pre-packaged items or other products or services associated with the System (now or in the future) or identified by the Trademarks, or any other trademarks, service marks or trade names, except for Prohibited Items (as defined below), through any distribution channels or methods, without compensation to any franchisee The distribution channels or methods include, without limitation, grocery stores, club stores, convenience stores, wholesale, hospitals, clinics, health care facilities, business or industry locations (e g manufacturing site, office building), military installations, military commissaries or the internet (or any other existing or future form of electronic commerce) The Prohibited Items are the following items that we will not sell in the Development Territory through other distribution channels or methods any retail food service Menu Items that are cooked or prepared to be served to the end user or customer for consumption at the retail location For example, poultry items cooked and served to customers at a grocery store or convenience store would be a Prohibited Item, but the sale of frozen or pre-packaged poultry items at a grocery store or convenience store would be a permitted form of distribution in the Development Territory

You acknowledge and agree that certain locations within the Development Territory are by their nature unique and separate in character from sites generally developed as SIZZLER® restaurants As a result, you agree that the following locations ("Special Sites") are excluded from the Development Territory and we have the right, subject to our then-current Special Sites Impact Policy, to develop or franchise such locations (1) military bases, (2) public transportation facilities, (3) sports facilities, including race tracks, (4) student unions or other similar buildings on college or university campuses, (5) amusement and theme parks, and (6) community and special events

E This Agreement is not a Franchise Agreement and you have no right to use in any manner the Trademarks by virtue of this Agreement You have no right under this Agreement to sublicense or subfranchise others to operate a business or restaurant or use the System or the Trademarks

DEVELOPMENT FEE

3 You must pay a Development Fee as described below

A As consideration for the rights granted in this Agreement, you must pay us a "Development Fee" of $________, representing $5,000 per Restaurant to be developed under this Agreement The Development Fee is consideration for this Agreement and not consideration for any Franchise Agreement, is fully earned by us upon execution of this Agreement and is non-refundable The Development Fee is in addition to, not in lieu of or credit towards, the Initial Franchise Fee for each Restaurant you develop You will pay the Initial Franchise Fee for each Restaurant at the time you sign the Franchise Agreement for each such restaurant The non-refundable Initial Franchise Fee for each Restaurant that you develop pursuant to this Agreement is as follows

Number of Stores You Commit to Develop Pursuant to an Area Development Agreement	Amount of Initial Franchise Fee Per Store
1 – 5	$35,000
6 – 10	$25,000
11 +	$17,500

As noted above, you will pay an Initial Franchise Fee for each Restaurant equal to $35,000, except that if you commit to open more than 5 Restaurants pursuant to this Agreement, you will pay an Initial Franchise Fee equal to $25,000 per Restaurant (for Restaurants 6 through 10), and an Initial Franchise Fee equal to $17,500 per Restaurant (for Restaurants 11 and beyond)

B You must submit a separate application for each Restaurant to be established by you within the Development Territory as further described in Section 4 Upon our consent to the site of your Restaurant, a separate Franchise Agreement must be executed for each such Restaurant, at which time the Initial Franchise Fee for that Restaurant is due and owing Upon the execution of each Franchise Agreement, the terms and conditions of the Franchise Agreement control the establishment and operation of such Restaurant

DEVELOPMENT SCHEDULE

4 The following provisions control with respect to your development rights and obligations

A You are bound by and strictly must follow the Development Schedule By the dates set forth under the Development Schedule, you must enter into Franchise Agreements with us pursuant to this Agreement for the number of Restaurants described under the Development Schedule You also must comply with the Development Schedule requirements regarding (i) the restaurant type to be developed and the opening date for each Restaurant and (ii) the cumulative number of Restaurants to be open and continuously operating for business in the Development Territory If you fail to either execute a Franchise Agreement or to open a Restaurant according to the dates set forth in the Franchise Agreement, we have the right to (i) require that you hire a franchise development expert with recognized experience in developing franchises in a similar line of business to ours or (ii) immediately terminate this Agreement pursuant to Section 7 B If you are developing 3 or more restaurants under this Agreement, you will have a "late opening extension right" of up to 30 days for each restaurant in which we will not have the right under (i) or (ii) in the previous sentence To take advantage of this late opening extension, you must make a request for the extension 45 days prior to the opening date set forth in the Franchise Agreement and have been in continuous compliance throughout the term of this Agreement

B You may not develop a Restaurant unless (i) at least 45 days, but no more than 60 days, prior to the date set forth in the Development Schedule for the execution of each Franchise Agreement, you send us a notice (a) requiring that we send you our then-current franchise disclosure documents, (b) confirming your intention to develop the particular Restaurant and (c) sending us all information necessary to complete the Franchise Agreement for the particular Restaurant, and (ii) all of the following conditions have been met (these conditions apply to each Restaurant to be developed in the Development Territory)

1 <u>Your Submission of Proposed Site</u> You must find a proposed site for the Restaurant which you reasonably believe to conform to our site selection criteria, as modified by us from time to time, and submit to us a complete site report (containing such demographic, commercial, and other information and photographs as we may reasonably require) for such site

2 <u>Our Acceptance of the Proposed Site</u> You must receive our written acceptance of your proposed site We agree not to unreasonably withhold acceptance of a proposed site Prior to us accepting a site, you must evaluate the site pursuant to the protocol outlined in the operations manual, including payment of any required fees In reviewing any proposed site, we will consider such matters as we deem material, including demographic characteristics of the proposed site, traffic patterns, competition, the proximity to other businesses, the nature of other businesses in proximity to the site, and other commercial characteristics (including the purchase or lease obligations for the proposed site) and the size of premises, appearance and other physical characteristics Our acceptance of a proposed site, however, does not in any way constitute a guaranty by us as to the success of the Restaurant

3 <u>Your Submission of Information</u> You must furnish to us, at least 30 days prior to the earliest of (i) the date set forth in the Development Schedule by which you must execute a Franchise Agreement or (ii) the actual date in which the Franchise Agreement would be executed, a franchise application for the proposed Restaurant, financial statements and other information regarding you, the operation of any of your other Restaurants within the Development Territory and the development and operation of the proposed Restaurant (including, without limitation, investment and financing plans for the proposed Restaurant) as we may reasonably require

4 <u>Your Compliance with Our Then-Current Standards for Franchisees</u> You must receive written confirmation from us that you meet our then-current standards for

franchisees, including financial capability criteria for the development of a new Restaurant You acknowledge and agree that this requirement is necessary to ensure the proper development and operation of your Restaurants, and preserve and enhance the reputation and goodwill of all SIZZLER® restaurants and the goodwill of the Trademarks Our confirmation that you meet our then-current standards for the development of a new Restaurant, however, does not in any way constitute a guaranty by us as to your success

5 Good Standing You must not be in default of this Agreement, any Franchise Agreement entered into pursuant to this Agreement or any other agreement between you or any of your affiliates and us or any of our affiliates You also must have satisfied on a timely basis all monetary and material obligations under the Franchise Agreements for all existing Restaurants

6 Execution of Franchise Agreement You and we must enter into our then-current form of Franchise Agreement for the proposed Restaurant You understand that we may modify the then-current form of Franchise Agreement from time to time and that it may be different than the current form of Franchise Agreement, including different fees and obligations You understand and agree that any and all Franchise Agreements will be construed and exist independently of this Agreement The continued existence of each Franchise Agreement will be determined by the terms and conditions of such Franchise Agreement Except as specifically set forth in this Agreement, the establishment and operation of each Restaurant must be in accordance with the terms of the applicable Franchise Agreement

C You must begin substantial construction of each of the Restaurants at least 150 days before the deadline to open each of the Restaurants if the Restaurant will be in a free standing location or at least 120 days before the deadline to open the Restaurant if the Restaurant will be in a non-free standing location In addition, on or before the deadlines to start construction you must submit to us executed copies of any loan documents and/or any other document that proves that you have secured adequate financing to complete the construction of the Restaurant by the date you are obligated to have that Restaurant open and in operation In the event that you fail to comply with any of these obligations, we will have the right to terminate this Agreement without opportunity to cure pursuant to subparagraph 7 B

D You acknowledge that you have conducted an independent investigation of the prospects for the establishment of Restaurants within the Development Territory, and recognize that the business venture contemplated by this Agreement involves business and economic risks and that your financial and business success will be primarily dependent upon the personal efforts of you and your management and employees We expressly disclaim the making of, and you acknowledge that you have not received, any estimates, projections, warranties or guaranties, express or implied, regarding potential gross sales, profits, earnings or the financial success of the Restaurants you develop within the Development Territory

E You recognize and acknowledge that this Agreement requires you to open Restaurants in the future pursuant to the Development Schedule You further acknowledge that the estimated expenses and investment requirements set forth in Items 6 and 7 of our Franchise Disclosure Document are subject to increase over time, and that future Restaurants likely will involve greater initial investment and operating capital requirements than those stated in the Franchise Disclosure Document provided to you prior to the execution of this Agreement You are obligated to execute all the Franchise Agreements and open all the Restaurants on the dates set forth on the Development Schedule, regardless of (i) the requirement of a greater investment,

(ii) the financial condition or performance of your prior Restaurants, or (iii) any other circumstances, financial or otherwise The foregoing shall not be interpreted as imposing any obligation upon us to execute the Franchise Agreements under this Agreement if you have not complied with each and every condition necessary to develop the Restaurants

TERM

5 Unless sooner terminated in accordance with Section 7 of this Agreement and subject to the terms detailed in Section 2 C, the term of this Agreement and all rights granted to you will expire on the date that your last SIZZLER® Restaurant is scheduled to be opened under the Development Schedule

YOUR DUTIES

6 You must perform the following obligations

A You must comply with all of the terms and conditions of each Franchise Agreement, including the operating requirements specified in each Franchise Agreement

B You and your owners, officers, directors, shareholders, partners, members and managers (if any) acknowledge that your entire knowledge of the operation of a SIZZLER® Restaurant and the System, including the knowledge or know-how regarding the specifications, standards and operating procedures of the services and activities, is derived from information we disclose to you and that certain information is proprietary, confidential and constitutes our trade secrets The term "trade secrets" refers to the whole or any portion of know-how, knowledge, methods, specifications, processes, procedures and/or improvements regarding the business that is valuable and secret in the sense that it is not generally known to our competitors, any proprietary information contained in the manuals or otherwise communicated to you in writing, verbally or through the internet or other online or computer communications and any other knowledge or know-how concerning the methods of operation of the Restaurants You and your owners, officers, directors, shareholders, partners, members and managers (if any), jointly and severally, agree that at all times during and after the term of this Agreement, you will maintain the absolute confidentiality of all such proprietary information and will not disclose, copy, reproduce, sell or use any such information in any other business or in any manner not specifically authorized or approved in advance in writing by us We may require that you obtain nondisclosure and confidentiality agreements in a form satisfactory to us from the individuals identified in the first sentence of this paragraph and other key employees

C You must comply with all requirements of federal, state and local laws, rules and regulations

D If you at some time in the future desire to make either a public or a private offering of your securities prior to such offering and sale, and prior to the public release of any statements, data, or other information of any kind relating to the proposed offering of your securities, you must secure our written approval, which approval will not be unreasonably withheld You must secure our prior written consent to any and all press releases, news releases and any and all other publicity, the primary purpose of which is to generate interest in your offering Only after we have given our written approval may you proceed to file, publish, issue, and release and make public any said data, material and information regarding the securities offering It is specifically understood that any review by us is solely for our own information, and our approval does not constitute any kind of authorization, acceptance, agreement, endorsement, approval, or ratification of the same, either expressly or implied You may make no oral or written notice of any kind whatsoever indicating or implying that we and/or our affiliates have any interest in the relationship whatsoever to the proposed offering other than acting as Franchisor You agree to indemnify, defend and hold us, our affiliates and our affiliates' directors, officers, successors and assigns harmless from all claims, demands, costs, fees, charges, liability or expense (including attorneys' fees) of any kind whatsoever arising from your offering of information published or communicated in actions taken in that regard

E If neither you, your Principal Owner, nor any other person in your organization possesses, in our judgment, adequate experience and skills to allow you to locate, obtain and develop prime locations in the Development Territory to allow you to meet your development obligations under this Agreement, we can require that you hire or engage a person with those necessary skills If this Agreement calls for the development of more than 3 restaurants, you must employ a multi-unit operations manager (who meets our minimum qualifications for operational experience) to oversee the management of all your restaurants

<u>DEFAULT AND TERMINATION</u>

7 The following provisions apply with respect to default and termination

A The rights and territorial protection granted to you in this Agreement have been granted in reliance on your representations and warranties, and strictly on the conditions set forth in Sections 2, 4 and 6 of this Agreement, including the condition that you comply strictly with the Development Schedule

B You will be deemed in default under this Agreement if you breach any of the terms of this Agreement, including the failure to meet the Development Schedule, or the terms of any Franchise Agreement or any other agreements between you or your affiliates and us or our affiliates All rights granted in this Agreement immediately terminate upon written notice without opportunity to cure if (i) you become insolvent, commit any affirmative action of insolvency or file any action or petition of insolvency, (ii) a receiver (permanent or temporary) of your property is appointed by a court of competent authority, (iii) you make a general assignment or other similar arrangement for the benefit of your creditors, (iv) a final judgment remains unsatisfied of record for 30 days or longer (unless a supersedeas bond is filed), (v) execution is levied against your business or property, (vi) suit to foreclose any lien or mortgage against the premises or equipment is instituted against you and not dismissed within 30 days, or is not in the process of being dismissed, (vii) you fail to meet the development obligations set forth in the Development Schedule attached as Appendix B, (viii) failure to start substantial construction of any of the Restaurants by the date established in Section 4 C, (ix) failure to secure financing for the construction of any of the Restaurants by the date set forth in Section 4 C, (x) you fail to comply with any other provision of this Agreement and do not correct the failure within 30 days after written notice of that failure is delivered to you, or (xi) we have delivered to you a notice of termination of a Franchise Agreement in accordance with its terms and conditions

<u>RIGHTS AND DUTIES OF PARTIES UPON TERMINATION OR EXPIRATION</u>

8 Upon termination or expiration of this Agreement, all rights granted to you will automatically terminate, and

A All remaining rights granted to you to develop Restaurants under this Agreement will automatically be revoked and will be null and void You will not be entitled to any refund of any fees You will have no right to develop or operate any business for which a Franchise

Agreement has not been executed by us We will be entitled to develop and operate, or to franchise others to develop and operate, SIZZLER® restaurants in the Development Territory, except as may be otherwise provided under any Franchise Agreement that has been executed between us and you and that has not been terminated

B You must immediately cease to operate your business under this Agreement and must not thereafter, directly or indirectly, represent to the public or hold yourself out as a present or former developer of ours

C You must take such action as may be necessary to cancel or assign to us or our designee, at our option, any assumed name or equivalent registration that contains the name or word SIZZLER or any other Trademark of ours, and you must furnish us with evidence satisfactory to us of compliance with this obligation within 30 days after termination or expiration of this Agreement

D You must assign to us or our designee all your right, title, and interest in and to your telephone numbers and must notify the telephone company and all listing agencies of the termination or expiration of your right to use any telephone number in any regular, classified or other telephone directory listing associated with the Trademarks and to authorize transfer of same at our direction

E You must within 30 days of the termination or expiration pay all sums owing to us and our affiliates, including the balance of the Initial Franchise Fees that we would have received had you developed all of the Restaurants set forth in the Development Schedule In addition to the Initial Franchise Fees for undeveloped Restaurants, you agree to pay as fair and reasonable liquidated damages (but not as a penalty) an amount equal to $50,000 for each undeveloped Restaurant You agree that this amount is for lost revenues from Royalty Fees and other amounts payable to us, including the fact that you were holding the development rights for those Restaurants and precluding the development of certain Restaurants in the Development Territory, and that it would be difficult to calculate with certainty the amount of damage we will incur Notwithstanding your agreement, if a court determines that this liquidated damages payment is unenforceable, then we may pursue all other available remedies, including consequential damages

All unpaid amounts will bear interest at the rate of 18% per annum or the maximum contract rate of interest permitted by governing law, whichever is less, from and after the date of accrual In the event of termination for any default by you, the sums due will include all damages, costs, and expenses, including reasonable attorneys' fees and expenses, incurred by us as a result of the default You also must pay to us all damages, costs and expenses, including reasonable attorneys' fees and expenses, that we incur subsequent to the termination or expiration of this Agreement in obtaining injunctive or other relief for the enforcement of any provisions of this Agreement

F If this Agreement is terminated solely for your failure to meet the Development Schedule and for no other reason whatsoever, and you have opened at least 50% of the total number of Restaurants provided for in the Development Schedule, you may continue to operate those existing Restaurants under the terms of the separate Franchise Agreement for each Restaurant On the other hand, if this Agreement is terminated under any other circumstance, we have the option to purchase from you all the assets used in the Restaurants that have been developed prior to the termination of this Agreement Assets include leasehold improvements, equipment, furniture, fixtures, signs, inventory, liquor licenses and other transferable licenses and permits for the Restaurants

We have the unrestricted right to assign this option to purchase We or our assignee will be entitled to all customary warranties and representations given by the seller of a business including, without limitation, representations and warranties as to (i) ownership, condition and title to assets, (ii) liens and encumbrances relating to the assets, and (iii) validity of contracts and liabilities, inuring to us or affecting the assets, contingent or otherwise The purchase price for the assets of the Restaurants will be determined in accordance with the post-termination purchase option provision in the individual Franchise Agreement for each Restaurant (with the purchase price to include the value of any goodwill of the business attributable to your operation of the Restaurant if you are in compliance with the terms and conditions of the Franchise Agreement for that Restaurant) The purchase price must be paid in cash at the closing of the purchase, which must take place no later than 90 days after your receipt of notice of exercise of this option to purchase, at which time you must deliver instruments transferring to us or our assignee (i) good and merchantable title to the assets purchased, free and clear of all liens and encumbrances (other than liens and security interests acceptable to us or our assignee), with all sales and other transfer taxes paid by you, and (ii) all licenses and permits of the Restaurants that may be assigned or transferred If you cannot deliver clear title to all of the purchased assets, or in the event there are other unresolved issues, the closing of the sale will be accomplished through an escrow We have the right to set off against and reduce the purchase price by any and all amounts owed by you to us, and the amount of any encumbrances or liens against the assets or any obligations assumed by us You and each holder of an interest in you must indemnify us and our affiliates against all liabilities not so assumed You must maintain in force all insurance policies required pursuant to the applicable Franchise Agreement until the closing on the sale

G All of our and your obligations that expressly or by their nature survive the expiration or termination of this Agreement will continue in full force and effect subsequent to and notwithstanding its expiration or termination and until they are satisfied or by their nature expire

<u>TRANSFER</u>

9 The following provisions govern any transfer

A We have the right to transfer all or any part of our rights or obligations under this Agreement to any person or legal entity

B This Agreement is entered into by us with specific reliance upon your personal experience, skills and managerial and financial qualifications Consequently, this Agreement and your rights and obligations under it, are and will remain personal to you You may only Transfer your rights and interests under this Agreement if you obtain our prior written consent and you transfer <u>all</u> of your rights and interests under all Franchise Agreements for Restaurants in the Development Territory Accordingly, the assignment terms and conditions of the Franchise Agreements shall apply to any Transfer of your rights and interests under this Agreement As used in this Agreement, the term "Transfer" means any sale, assignment, gift, pledge, mortgage or any other encumbrance, transfer by bankruptcy, transfer by judicial order, merger, consolidation, share exchange, transfer by operation of law or otherwise, whether direct or indirect, voluntary or involuntary, of this Agreement or any interest in it, or any rights or obligations arising under it, or of any material portion of your assets, or of any interest in you

MISCELLANEOUS

10 The parties agree to the following provisions

A You agree to indemnify, defend, and hold us, our affiliates and our officers, directors, shareholders and employees harmless from and against any and all claims, losses, damages and liabilities, however caused, arising directly or indirectly from, as a result of, or in connection with, the development, use and operation of your Restaurants, as well as the costs, including attorneys' fees, of defending against them ("Franchise Claims") Franchise Claims include, but are not limited to, those arising from any death personal injury or property damage (whether caused wholly or in part through our or our affiliates' active or passive negligence), latent or other defects in any Restaurant, or your employment practices In the event a Franchise Claim is made against us or our affiliates, we reserve the right in our sole judgment to select our own legal counsel to represent our interests, at your cost

B Should one or more clauses of this Agreement be held void or unenforceable for any reason by any court of competent jurisdiction, such clause or clauses will be deemed to be separable in such jurisdiction and the remainder of this Agreement is valid and in full force and effect and the terms of this Agreement must be equitably adjusted so as to compensate the appropriate party for any consideration lost because of the elimination of such clause or clauses

C No waiver by us of any breach by you, nor any delay or failure by us to enforce any provision of this Agreement, may be deemed to be a waiver of any other or subsequent breach or be deemed an estoppel to enforce our rights with respect to that or any other or subsequent breach This Agreement may not be waived, altered or rescinded, in whole or in part, except by a writing signed by you and us This Agreement, together with all exhibits and the application form executed by you requesting us to enter into this Agreement, constitute the entire agreement between the parties and supersede any and all prior negotiations, understandings, representations and agreements with respect to the subject matter hereof You acknowledge and agree that you have not received any warranty or guarantee, express or implied, as to the potential volume, profits or success of your business Nothing in this Agreement or any related agreement is intended to disclaim the representations we made in the Franchise Disclosure Document we furnished to you

D Except as otherwise provided in this Agreement, any notice, demand or communication provided for must be in writing and signed by the party serving the same and either delivered personally or by a reputable overnight service or deposited in the United States mail, service or postage prepaid and addressed as follows

1 If intended for us, addressed to President, Sizzler USA Franchise, Inc , 25910 Acero Drive, Suite 350, Mission Viejo, California 92691,

2 If intended for you, addressed to you at ______________________________ ____________________, or,

in either case, to such other address as may have been designated by notice to the other party Notices for purposes of this Agreement will be deemed to have been received if mailed or delivered as provided in this subparagraph

E Any modification, consent, approval, authorization or waiver granted in this Agreement required to be effective by signature will be valid only if in writing executed by the

Principal Owner or, if on behalf of us, in writing executed by our President or one of our authorized Vice Presidents

F The following provisions apply to and govern the interpretation of this Agreement, the parties' rights under this Agreement, and the relationship between the parties

1 Applicable Law and Waiver Subject to our rights under federal trademark laws, the parties' rights under this Agreement, and the relationship between the parties, is governed by, and will be interpreted in accordance with, the laws (statutory and otherwise) of the state in which your first Restaurant is located You waive, to the fullest extent permitted by law, the rights and protections that might be provided through the laws of any state relating to franchises or business opportunities, other than those of the state in which your first Restaurant is located

2 Our Rights Whenever this Agreement provides that we have a certain right, that right is absolute and the parties intend that our exercise of that right will not be subject to any limitation or review We have the right to operate, administrate, develop, and change the System in any manner that is not specifically precluded by the provisions of this Agreement, although this right does not modify the express limitations set forth in this Agreement

3 Our Reasonable Business Judgment Whenever we reserve discretion in a particular area or where we agree to exercise our rights reasonably or in good faith, we will satisfy our obligations whenever we exercise Reasonable Business Judgment in making our decision or exercising our rights Our decisions or actions will be deemed to be the result of Reasonable Business Judgment, even if other reasonable or even arguably preferable alternatives are available if our decision or action is intended, in whole or significant part, to promote or benefit the System generally even if the decision or action also promotes our financial or other individual interest Examples of items that will promote or benefit the System include, but are not limited to, enhancing the value of the Trademarks, improving customer service and satisfaction, improving product quality, improving uniformity, enhancing or encouraging modernization and improving the competitive position of the System

G Any cause of action, claim, suit or demand allegedly arising from or related to the terms of this Agreement or the relationship of the parties that is not subject to arbitration under Section 10 M must be brought in the federal or state court in the geographic area encompassing our headquarters Both parties irrevocably submit themselves to, and consent to, the jurisdiction of said courts The provisions of this Section will survive the termination of this Agreement You are aware of the business purposes and needs underlying the language of this subparagraph, and with a complete understanding, agree to be bound in the manner set forth

H All parties hereby waive any and all rights to a trial by jury in connection with the enforcement or interpretation by judicial process of any provision of this Agreement, and in connection with allegations of state or federal statutory violations, fraud, misrepresentation or similar causes of action or any legal action initiated for the recovery of damages for breach of this Agreement

I You and us and our affiliates agree to waive, to the fullest extent permitted by law, the right to or claim for any punitive or exemplary damages against the other and agree that in the event of any dispute between them, each will be limited to the recovery of actual damages sustained

J If you are a corporation, partnership, limited liability company or partnership or other legal entity, all of your Principal Owners must execute the form of undertaking and guaranty at the end of this Agreement Any person or entity that at any time after the date of this Agreement becomes a Principal Owner must execute the form of undertaking and guaranty at the end of this Agreement

K You and we are independent contractors Neither party is the agent, legal representative, partner, subsidiary, joint venturer or employee of the other Neither party may obligate the other or represent any right to do so This Agreement does not reflect or create a fiduciary relationship or a relationship of special trust or confidence

L In the event of any failure of performance of this Agreement according to its terms by any party due to force majeure will not be deemed a breach of this Agreement For purposes of this Agreement, "force majeure" shall mean acts of God, State or governmental action, riots, disturbance, war, strikes, lockouts, slowdowns, prolonged shortage of energy supplies or any raw material, epidemics, fire, flood, hurricane, typhoon, earthquake, lightning and explosion or other similar event or condition, not existing as of the date of signature of this Agreement, not reasonably foreseeable as of such date and not reasonably within the control of any party hereto, which prevents in whole or in material part the performance by one of the parties hereto of its obligations hereunder

M Except as qualified below, any dispute between you and us or any of our or your affiliates arising under, out of, in connection with or in relation to this Agreement, the parties' relationship, or the business must be submitted to binding arbitration under the authority of the Federal Arbitration Act and must be arbitrated in accordance with the then-current rules and procedures and under the auspices of the American Arbitration Association The arbitration must take place in Los Angeles, California, or at such other place as may be mutually agreeable to the parties Any arbitration must be resolved on an individual basis and not joined as part of a class action or the claims of other parties The arbitrators must follow the law and not disregard the terms of this Agreement The decision of the arbitrators will be final and binding on all parties to the dispute, however, the arbitrators may not under any circumstances (i) stay the effectiveness of any pending termination of this Agreement, (ii) assess punitive or exemplary damages, or (iii) make any award which extends, modifies or suspends any lawful term of this Agreement or any reasonable standard of business performance that we set

Before the filing of any arbitration, the parties agree to mediate any dispute that does not include injunctive relief or specific performance actions covered below, provided that the party seeking mediation must notify the other party of its intent to mediate prior to the termination of this Agreement Mediation will be conducted by a mediator or mediation program agreed to by the parties Persons authorized to settle the dispute must attend any mediation session The parties agree to participate in the mediation proceedings in good faith with the intention of resolving the dispute if at all possible within 30 days of the notice from the party seeking to initiate the mediation procedures If not resolved within 30 days, the parties are free to pursue arbitration Mediation is a compromise negotiation for purposes of the federal and state rules of evidence, and the entire process is confidential

Nothing in this Agreement bars our right to obtain injunctive relief against threatened conduct that will cause us loss or damages, under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary injunctions Furthermore, we and our affiliates have the right to commence a civil action against you or take other appropriate action for the following reasons (i) to collect sums of money due to us, (ii) to compel your compliance with trademark standards and requirements to protect the goodwill of the Trademarks, (iii) to compel you to compile and submit required reports to us, or (iv) to permit evaluations or audits authorized by this Agreement

The prevailing party in any action or proceeding arising under, out of, in connection with, or in relation to this Agreement, any lease or sublease for the Restaurant or Authorized Location, or the business will be entitled to recover its reasonable attorneys' fees and costs

N We will designate the "Effective Date' of this Agreement in the space provided on the cover page If no Effective Date is designated on the cover page, the Effective Date is the date when we sign this Agreement

IN WITNESS WHEREOF, the parties have executed the foregoing Agreement as of the dates written below

DEVELOPER	FRANCHISOR
______________________,	SIZZLER USA FRANCHISE, INC
Date ______________	Date ______________
______________________	______________________
By ______________	By ______________
Its ______________	Its ______________

PERSONAL GUARANTY AND AGREEMENT TO BE BOUND
PERSONALLY BY THE TERMS AND CONDITIONS
OF THE AREA DEVELOPMENT AGREEMENT

In consideration of the execution of the Area Development Agreement (the “Agreement”) between SIZZLER USA FRANCHISE, INC (“we” or “us”) and ______________________________ (the “Developer”), dated ____________________, and for other good and valuable consideration, the undersigned, for themselves, their heirs, successors, and assigns, do jointly, individually and severally hereby become surety and guarantor for the payment of all amounts and the performance of the covenants, terms and conditions in the Agreement, to be paid, kept and performed by the Developer, including without limitation the arbitration and other dispute resolution provisions of the Agreement

Further, the undersigned, individually and jointly, hereby agree to be personally bound by each and every condition and term contained in the Agreement and agree that this Personal Guaranty will be construed as though the undersigned and each of them executed an agreement containing the identical terms and conditions of the Agreement

The undersigned waives (i) notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed, (ii) protest and notice of default to any party respecting the indebtedness or nonperformance of any obligations hereby guaranteed, (iii) any right he/she may have to require that an action be brought against the Developer or any other person as a condition of liability, and (iv) notice of any changes permitted by the terms of the Agreement or agreed to by the Developer

In addition, the undersigned consents and agrees that (i) the undersigned’s liability will not be contingent or conditioned upon our pursuit of any remedies against the Developer or any other person, (ii) such liability will not be diminished, relieved or otherwise affected by the Developer’s insolvency, bankruptcy or reorganization, the invalidity, illegality or unenforceability of all or any part of the Agreement, or the amendment or extension of the Agreement with or without notice to the undersigned, and (iii) this Personal Guaranty shall apply in all modifications to the Agreement of any nature agreed to by the Developer with or without the undersigned receiving notice thereof

It is further understood and agreed by the undersigned that the provisions, covenants and conditions of this Personal Guaranty will inure to the benefit of our successors and assigns

DEVELOPER ______________________

PERSONAL GUARANTORS

______________________ Individually	______________________ Individually
______________________ Print Name	______________________ Print Name
______________________ Address	______________________ Address
______________________ City State Zip Code	______________________ City State Zip Code
______________________ Telephone	______________________ Telephone

Individually

Print Name

Address

City State Zip Code

Telephone

Individually

Print Name

Address

City State Zip Code

Telephone

APPENDIX A

DESCRIPTION OF DEVELOPMENT TERRITORY

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DEVELOPER	FRANCHISOR
______________________________	SIZZLER USA FRANCHISE, INC
______________________________	______________________________
By ____________________________	By ____________________________
Its ____________________________	Its ____________________________

APPENDIX B

DEVELOPMENT SCHEDULE

You acknowledge and agree that a material provision of the Area Development Agreement is that the following number of SIZZLER® Restaurants must be opened and continuously operating in the Development Territory in accordance with the following Development Schedule

Restaurant Number	Restaurant Type	Date by Which Franchise Agreement Must be Signed	Date by Which the Restaurant Must be Opened and Continuously Operating for Business in the Territory	Cumulative number of Restaurants Required to be Open and Continuously Operating for Business in the Development Territory as of the Date in Preceding Column
1		Date of this Agreement		1
2				2

For purposes of determining compliance with the above Development Schedule, only the Restaurants actually open and continuously operating for business in the Development Territory as of a given date will be counted toward the number of Restaurants required to be open and continuously operating for business

DEVELOPER

____

____

By ___________________________

Its ___________________________

FRANCHISOR

SIZZLER USA FRANCHISE, INC

____

By ___________________________

Its ___________________________

APPENDIX C

STATE ADDENDA

ADDENDUM TO
SIZZLER®
AREA DEVELOPMENT AGREEMENT FOR THE
STATE OF CALIFORNIA

This Addendum pertains to franchises sold in the State of California and is for the purpose of complying with California statutes and regulations Notwithstanding anything which may be contained in the body of the Area Development Agreement to the contrary, the Agreement is amended to include the following

1 Section 3 of the Area Development Agreement is amended to include the following language "You do not make any payments to us or our affiliates until we have completed our pre-opening obligations to you and you commence business operations "

2 California Business & Professions Code Sections 20000 through 20043 provide rights to you concerning termination, transfer or nonrenewal of a franchise If the franchise agreement contains a provision that is inconsistent with the law, the law will control

3 In all other respects, the Area Development Agreement will be construed and enforced according to its terms

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

FRANCHISEE	FRANCHISOR
______________________	SIZZLER USA FRANCHISE, INC
______________________	______________________
By ______________________	By ______________________
Its ______________________	Its ______________________

ADDENDUM TO
SIZZLER®
AREA DEVELOPMENT AGREEMENT FOR THE
STATE OF ILLINOIS

Illinois law governs the Area Development Agreement(s)

Payment of Initial Development Fees will be deferred until Franchisor has met its initial obligations to franchisee, and franchisee has commenced doing business This financial assurance requirement was imposed by the Office of the Illinois Attorney General due to Franchisor's financial condition

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void However, a franchise agreement may provide for arbitration to take place outside of Illinois

Your rights upon Termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act

In conformance with section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void

DEVELOPER	FRANCHISOR
______________________________	SIZZLER USA FRANCHISE, INC
______________________________	______________________________
By ____________________________	By ____________________________
Its ___________________________	Its ___________________________

ADDENDUM TO
SIZZLER®
AREA DEVELOPMENT AGREEMENT FOR THE
STATE OF WASHINGTON

The state of Washington has a statute, RCW 19 100 180 which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise

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

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

A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, rights or remedies under the Act such as a right to a jury trial may not be enforceable

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

Because the Franchisor has material pre-opening obligations with respect to each franchised business the Franchisee opens under the Area Development Agreement, the State of Washington will require that the franchise fees be released proportionally with respect to each franchised business

The undersigned does hereby acknowledge receipt of this addendum

Dated this _______________ day of ______________________________ 20_____

_______________________________	_______________________________
FRANCHISOR NAME	DEVELOPER

APPENDIX D

ACKNOWLEDGEMENT ADDENDUM

ACKNOWLEDGMENT ADDENDUM TO SIZZLER® AREA DEVELOPMENT AGREEMENT

As you know, you and we are entering into Area Development Agreement for the development and operation of SIZZLER® restaurants The purpose of this Acknowledgment Addendum is to determine whether any statements or promises were made to you that we have not authorized or that may be untrue, inaccurate or misleading, and to be certain that you understand the limitations on claims that may be made by you by reason of the offer and sale of the franchise and operation of your business Please review each of the following questions carefully and provide honest responses to each question

Acknowledgments and Representations*

1 Did you receive a copy of our Disclosure Document (and all exhibits and attachments) at least (a) 14 calendar days prior to signing the Area Development Agreement, **or** (b) if you are a resident of **New York**, at the earlier of the first personal meeting or 10 business days before the execution of the Area Development Agreement (or other agreement) or payment of any consideration, **or** (c) if you are a resident of **Iowa or Michigan**, at the earlier of 10 business days before the execution of any binding agreement or payment of any consideration? Check one (_) Yes (_) No If no, please comment ___

____

2 Have you studied and reviewed carefully our Disclosure Document and Area Development Agreement? Check one (_) Yes (_) No If no, please comment ______________________

____

3 If the Franchisor made any unilateral changes to the Franchise Agreement or Area Development Agreement, did you receive a copy of the complete revised agreement at least 7 calendar days prior to the date on which the Franchise Agreement or Area Development Agreement was executed? Check one (_) Yes (_) No If no, please comment ______________________

____

4 Did you understand all the information contained in both the Disclosure Document and Area Development Agreement? Check one (_) Yes (_) No If no, please comment ______________

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5 Was any oral, written or visual claim or representation made to you that contradicted the disclosures in the Disclosure Document? Check one (_) Yes (_) No If yes, please state in detail the oral, written or visual claim or representation ______________________

____

5 Except as stated in Item 19 of the Disclosure Document, did any employee or other person speaking on behalf of Sizzler USA Franchise, Inc make any oral, written or visual claim, statement, promise or representation to you that stated, suggested, predicted or projected sales, revenues, earnings, income or profit levels at any SIZZLER® location or business, or the likelihood of success at your franchised business? Check one (_) Yes (_) No If yes, please state in detail the oral, written or visual claim or representation ______________________

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6 Did any employee or other person speaking on behalf of Sizzler USA Franchise, Inc make any statement or promise regarding the costs involved in operating a franchise that is not contained in the

Disclosure Document or that is contrary to, or different from, the information contained in the Disclosure Document Check one (__) Yes (__) No If yes, please comment

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7 Do you understand that that the franchise granted is for the right to develop and operate the Restaurants in the Development Territory, as stated in Subparagraph 2 B, and that, according to Subparagraph 2 D, we and our affiliates have the right to distribute products through alternative methods of distribution and to issue franchises or operate competing businesses for or at locations, as we determine, (i) outside of your Designated Area using any trademarks, (ii) inside your Development Territory using any trademarks other than the SIZZLER® Trademark, and (iii) inside the Development Territory using the SIZZLER® Trademark for facilities at Special Sites? Check one (__) Yes (__) No If no, please comment ____________________________

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8 Do you understand that the success or failure of the development and operation of your Restaurants will depend in large part upon your skills and experience, your business acumen, your location, the local market for products under the SIZZLER® trademarks, interest rates, the economy, inflation, the number of employees you hire and their compensation competition and other economic and business factors? Further, do you understand that the economic and business factors that exist at the time you open your Business may change? Check one (__) Yes (__) No If no, please comment __________

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YOU UNDERSTAND THAT YOUR ANSWERS ARE IMPORTANT TO US AND THAT WE WILL RELY ON THEM BY SIGNING THIS ADDENDUM, YOU ARE REPRESENTING THAT YOU HAVE CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS IF MORE SPACE IS NEEDED FOR ANY ANSWER, CONTINUE ON A SEPARATE SHEET AND ATTACH

<u>NOTE</u> IF THE RECIPIENT IS A CORPORATION, PARTNERSHIP, LIMITED LIABILITY COMPANY OR OTHER ENTITY, EACH OF ITS PRINCIPAL OWNERS MUST EXECUTE THIS ACKNOWLEDGMENT

	APPROVED ON BEHALF OF SIZZLER USA FRANCHISE, INC
Signed ____________________	By ____________________
Print Name ____________________	Title ____________________
Date ____________________	Date ____________________

*Such representations are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Illinois Franchise Disclosure Act or under the Maryland Franchise Registration and Disclosure Law

EXHIBIT E

List of Current and Former Restaurant Locations as of April 28, 2019

LIST OF USA FRANCHISEES & LOCATIONS AS OF APRIL 28, 2019

ARIZONA								
Arizona		Sizzler #0429	Brax Management, LLC	2105 S Milton Road	Flagstaff	AZ	86001	(928) 779-3267
Arizona		Sizzler #0792	SSJC Investments, LLC	3540 E Route 66	Flagstaff	AZ	86001	(928) 529-3391
Arizona		Sizzler #0836	McDaniel Restaurant Group, Inc	5060 W Indian School Rd	Phoenix	AZ	95031	(623) 247-5524
Arizona		Sizzler #1231	McDaniel Restaurant Group, Inc	1050 Country Club Drive	Mesa	AZ	85210	(480)368-9503

CALIFORNIA								
California		Sizzler #0657	C Food Concepts, Inc	13570 Lincoln Way	Auburn	CA	95603	(530) 823-6773
California		Sizzler #0069	BMW Management, Inc	900 Real Rd	Bakersfield	CA	93309	(661) 325-2976
California		Sizzler #0596	BMW Management, Inc	2650 Mt Vermon Ave	Bakersfield	CA	93306	(661) 871-9271
California		Sizzler #0698	BMW Management, Inc	1750 W Ramsey	Banning	CA	92220	(909) 849-6074
California		Sizzler #0083	BMW Management, Inc	10153 Artesia	Bellflower	CA	90706	(562) 925-2582
California		Sizzler #0139	Ho Yon Yoo & Haeng Sook Yoo	4941 E Florence Avenue	Bell	CA	90201	(323) 560-0218
California		Sizzler #0556	KRN Enterprises, Inc	42137 Big Bear Blvd	Big Bear	CA	92315	(909) 866-1055
California		Sizzler #0171	White & Marlowe, Inc	Highway 1101 W Hobson Way	Blythe	CA	92225	(760) 922-3808
California		Sizzler #0101	VMC Enterprise, Inc	7902 Orangethorp St	Buena Park	CA	90620	(714) 521-8261
California		Sizzler #0035	Sizzling Mondtjie, Inc	1145 Hollywood Parkway	Burbank	CA	91505	(818) 843-0281
California		Sizzler #0821	BMW Management, Inc	4085 Cameron Park Dr	Cameron Park	CA	95682	(530) 672-2593
California		Sizzler #0345	Carson Sizz, LLC	20755 S Avalon Blvd	Carson	CA	90756	(310) 523-5697
California		Sizzler #1238	Shyamzeer Food, Inc	2055 Devonshire St	Chatsworth	CA	91311	(818) 349-1500
California		Sizzler #0629	AAA Sizzle, Inc	5025 Junipero Serra Blvd	Colma	CA	94014	(650) 994-6112
California		Sizzler #0847	Higgins/W&J Higgins Investments, LLC	1461 S Rimpau	Corona	CA	91720	(909) 272-8255
California		Sizzler #0053	Paramin Corp	10315 Lakewood Blvd	Downy	CA	90241	(562) 861-8612
California		Sizzler #0442	El Centro Sizzler, Inc	707 North Imperial	El Centro	CA	92243	(760) 353-3780
California		Sizzler #1239	Best Salad Bar, LLC	2368 Maritime Drive, Suite 100	Elk Grove	CA	95758	(916) 392-3000
California		Sizzler #0118	Subtrac Inc	1905 5th Street	Eureka	CA	95501	(707) 442-2626
California		Sizzler #0621	Higgins/Sizzler Family Steak House	9860 Sierra Ave	Fontana	CA	92335	(909) 829-4755

			#621					
California		Sizzler #0517	GO Family Restaurant, LLC	9480 Warner Avenue	Fountain Valley	CA	92708	(714) 962-4882
California		Sizzler #0839	Sorana, Inc	16275 Harbor Blvd	Fountain Valley	CA	92708	(714) 775-0974
California		Sizzler #1236	AAA Sizzle, Inc	3101 Walnut Ave	Fremont	CA	94538	(501) 714-3377
California		Sizzler #0841	Five Reese, Inc	3121 West Shaw Ave	Fresno	CA	93711	(559) 227-1218
California		Sizzler #0466	Franchise Investment Corporation	1401 N Harbor Blvd	Fullerton	CA	92635	(714) 738-5018
California		Sizzler #0687	Five Reese, Inc	402 N Eleventh Ave	Hanford	CA	93230	(559) 582-8658
California		Sizzler #0316	C Food Concepts, Inc	24107 Hesperian Blvd	Hayward	CA	94545	(510) 783-0878
California		Sizzler #0860	BMW Management, Inc	1023 East Florida	Hemet	CA	92543	(909) 658-2428
California		Sizzler #0856	BMW Management, Inc	16988 E Main Street	Hesperia	CA	92345	(760) 244-4912
California		Sizzler #0409	BMW Management, Inc	23501 El Toro Road	Lake Forest	CA	92630	(714) 768-7340
California		Sizzler #0444	Guigliano/Franchise Management Systems, Inc	44430 North 20th Street West	Lancaster	CA	93534	(661) 948-4671
California		Sizzler #0279	Higgins/W&J Higgins Investments, LLC	15 W Del Amo Blvd	Long Beach	CA	90805	(562) 428-4967
California		Sizzler #0392	ARR, Inc	10471 Los Alamitos Blvd	Los Alamitos	CA	90720	(562) 598-4497
California		Sizzler #1237	MW Management, Inc	1890 Daniels St	Manteca	CA	95337	(951) 676-8616
California		Sizzler #0679	BMW Management, Inc	1334 W Olive Ave	Merced	CA	95348	(209) 723-7100
California		Sizzler #0549	Sizzler Modesto, LLC	3416 Dale Road	Modesto	CA	95356	(209) 578-5099
California		Sizzler #0124	Alamo Trust	1908 Beverly Blvd	Montebello	CA	90640	(323) 722-8567
California		Sizzler #0671	BMW Management, Inc	25035 Sunnymead Blvd	Moreno Valley	CA	92388	(909) 242-8012
California		Sizzler #0585	Prestige Foods, Inc	15900 Monterey Road	Morgan Hill	CA	95037	(408) 779-8663
California		Sizzler #0989	BMW Management, Inc	40489 Murrieta Hot Springs	Murrieta	CA	92362	(909) 698-5623
California		Sizzler #0091	KNSP Corporation	1501 Trancas Street	Napa	CA	94558	(707) 255-1801
California		Sizzler #0879	BMW management, Inc	3805 Plaza Drive	Oceanside	CA	92054	(760) 726-2000
California		Sizzler #0545	Higgins/Forbco Management Corporation	2228 Mountain Ave	Ontario	CA	91761	(909) 984-5059
California		Sizzler #0043	Bengal Tigers International, Inc	584 N Tustin Ave	Orange	CA	92667	(714) 633-4485
California		Sizzler #0654	Guigliano/Perceptive Management, Inc	853 W Palmdale Blvd	Palmdale	CA	93550	(805) 273-4411

California		Sizzler #0705	Higgins/Forbco Sizzler Partners, LP	6631 Clay Street	Pedley	CA	92509	(909) 681-4908
California		Sizzler #0970	BMW Management, Inc	91 West Nuevo Road	Perris	CA	92370	(909) 940-4021
California		Sizzler #0882	C Food Concepts, Inc	1515 Fitzgerald Drive	Pinole	CA	94564	(510) 222-3468
California		Sizzler #0522	AAA Sizzle, Inc	1011 Veterans Blvd	Redwood City	CA	94063	(650) 368-1904
California		Sizzler #0779	Bengal Tigers International, Inc	1236 Riverside Ave	Rialto	CA	92376	(909) 874-4281
California		Sizzler #1228	BMW Management, Inc	6009 Florin Road	Sacramento	CA	95823	(916) 348-3396
California		Sizzler #1219	BMW Management, Inc	2901 Advantage Way	Sacramento	CA	95834	(916) 285-0994
California		Sizzler #0691	C Food Concepts, Inc	5815 Madison Ave	Sacramento	CA	95841	(916) 348-3396
California		Sizzler #0682	McCorkle Restaurant Group, Inc	1800 S Waterman Ave	San Bernardino	CA	92408	(909) 381-4020
California		Sizzler #1213	BMW Management, Inc	4445 Imperial Ave	San Diego	CA	92110	(619) 263-5731
California		Sizzler #0514	Higgins/Forbco Sizzler Partners, LP	101 N Village Court	San Dimas	CA	91733	(909) 592-4585
California		Sizzler #0425	AAA Sizzle, Inc	2910 Aborn Square	San Jose	CA	95121	(408) 274-2600
California		Sizzler #1206	Swartz/Clay & Haeng Cho Swartz	201 Davis Street	San Leandro	CA	94577	(510) 483-0110
California		Sizzler #0574	C Food Concepts, Inc	2855 Augustine	Santa Clara	CA	95054	(408) 727-7907
California		Sizzler #1233	Lantern Restaurant Management	19013 Golden Valley Road	Santa Clarita	CA	91387	(661) 250-7300
California		Sizzler #1055	BMW Management, Inc	1862 East Hammer Lane	Stockton	CA	95210	(209) 477-6682
California		Sizzler #0785	Higgins/Forbco Sizzler Partners, LP	2880 Sepulveda Blvd	Torrance	CA	90505	(310) 539-1617
California		Sizzler #1222	BMW Management, Inc	3101 Hotel Way	Turlock	CA	95830	(209) 677-6047
California		Sizzler #0298	Sherman Way Restaurant, Inc	16955 Sherman Way	Van Nuys	CA	91406	(818) 345-5445
California		Sizzler #0453	Higgins/L&G Restaurants, LLC	4017 E Main	Ventura	CA	93003	(805) 656-2748
California		Sizzler #0576	Five Reese, Inc	2121 W Caldwell Ave	Visalia	CA	92377	(209) 625-1290
California		Sizzler #0361	BMW Management, Inc	1100 W Covina Pkwy	West Covina	CA	91790	(818) 338-0610
California		Sizzler #1040	BMW Management, Inc	872 Onstott Rd	Yuba City	CA	95991	(530) 673-1458
California		Sizzler #0910	BMW Management, Inc	57084 Twentynine Palms Hwy	Yucca Valley	CA	92284	(760) 365-0708

FLORIDA								
Florida		Sizzler #1060	Plaza International Restaurants, Inc	7602 W Spacecoast Pkwy	Kissimmee	FL	32746	(407) 397-0997

IDAHO - ***All Idaho locations are under a Statewide License with Marjorie L Minshew/Sizzling Platter, Inc***			

Idaho		Sizzler #0921	Sizzling Platter, Inc	459 N Cole	Boise	ID	83704	(208) 322-2930
Idaho		Sizzler #0660	Sizzling Platter, Inc	2380 E Seventeenth Street	Idaho Falls	ID	83404	(208) 525-2660
Idaho		Sizzler #1215	Sizzling Platter, Inc	3380 North Eagle Rock Rd	Meridian	ID	83642	(218) 888-3215
Idaho		Sizzler #0434	Sizzling Platter, Inc	501 Caldwell Blvd	Nampa	ID	83651	(208) 466-8570
Idaho		Sizzler #0547	Sizzling Platter, Inc	1000 Pocatello Creek Road	Pocatello	ID	83201	(208) 233-1547
Idaho		Sizzler #0650	Sizzling Platter, Inc	705 Blue Lakes Blvd N	Twin Falls	ID	83301	(208) 733-8650
NEVADA								
Nevada		Sizzler #0609	Joes LLC	615 E Prater Way	Sparks	NV	89431	(702) 356-3969
NEW MEXICO								
New Mexico		Sizzler #0613	TKM Restaurants, Inc	926 N Hwy 666	Gallup	NM	87301	(505) 722-6498
OREGON								
Oregon		Sizzler #0246	Double S Foods, LLC	2148 Santiam Hwy	Albany	OR	97320	(530) 926-6591
Oregon		Sizzler #0552	Double S Foods, LLC	1871 N E 7th Street	Grants Pass	OR	97526	(541) 479-1034
Oregon		Sizzler #0927	Double S Foods, LLC	2506 S 6th Street	Klamath Falls	OR	97601	(541) 884-1848
Oregon		Sizzler #0454	Double S Foods, LLC	700 Bibble	Medford	OR	97501	(503) 772-2942
Oregon		Sizzler #0250	Double S Foods, LLC	3390 Newmark Street	North Bend	OR	97459	(503) 756-7100
Oregon		Sizzler #0228	Double S Foods, LLC	1156 N W Garden Valley	Roseburg	OR	97470	(503) 672-5443
Oregon		Sizzler #0305	Double S Foods, LLC	1151 Lancaster N E	Salem	OR	97301	(503) 581-8656
Oregon		Sizzler #0096	Double S Foods, LLC	1010 Postal Way	Springfield	OR	97477	(503) 726-9966
UTAH - ***All Utah locations are under a Statewide License with Marjorie L Minshew/Sizzling Platter, Inc***								
Utah		Sizzler #0670	Sizzling Platter, Inc	535 West 500 South	Bountiful	UT	84010	(801) 295-6670
Utah		Sizzler #0786	Dedco, Inc	199 N Main Street	Cedar City	UT	84720	(453) 586-0786
Utah		Sizzler #0588	Sizzling Platter, Inc	1171 N Hillfield Road	Layton	UT	84041	(801) 546-3588
Utah		Sizzler #0439	Sizzling Platter, Inc	1165 North Main	Logan	UT	84321	(801) 752-2771
Utah		Sizzler #0431	Sizzling Platter, Inc	1240 S State Street	Orem	UT	84057	(801) 224-1615

Utah		Sizzler #0875	Sizzling Platter, Inc	1385 S University Ave	Provo	UT	84601	(801) 374-1516
Utah		Sizzler #0080	Sizzling Platter, Inc	2111 S 1300 Street East	Salt Lake City	UT	84106	(801) 466-4663
Utah		Sizzler #0142	Sizzling Platter, Inc	3429 S Redwood Road	Salt Lake City	UT	84119	(801) 972-8643
Utah		Sizzler #0541	Sizzling Platter, Inc	20 W 9000 South	Sandy	UT	84070	(801) 566-8021
Utah		Sizzler #1229	Sizzling Platter, LLC	11610 S Main District Dr	South Jordan	UT	84095	(801) 727-8300
WASHINGTON								
Washington		Sizzler #0374	E&I, Inc	936 Ocean Beach Hwy	Longview	WA	98632	(360) 577-0607
Washington		Sizzler #0427	Joes LLC	10204 S Tacoma Way	Tacoma	WA	98499	(253) 582-4001
Washington		Sizzler #0420	Joes LLC	16615 South Center Pkwy	Tukwila	WA	98188	(206) 575-0427
PUERTO RICO								
Puerto Rico		Sizzler #1234	MultiSystems Restaurants, Inc	17705 Carretera 2, Edificio #4	Aguadilla	PR	00603	(787) 931-7005
Puerto Rico		Sizzler #1148	MultiSystems Restaurants, Inc	Plaza Del Parque, Comerio Ave, 25-28 Rio Hondo	Bayamon	PR	O0959	(787) 785-8686
Puerto Rico		Sizzler #1146	MultiSystems Restaurants, Inc	Calle N Gautier Benitez	Caguas	PR	O0725	(787) 746-7601
Puerto Rico		Sizzler #1194	MultiSystems Restaurants, Inc	Parque Escorial, 65 Infanteria	Carolina	PR	O0985	(787) 701-1085
Puerto Rico		Sizzler #1209	MultiSystems Restaurants, Inc	Carretera #1, KM 56 2, Bo Montellano	Cayey	PR	O0706	(787) 734-4220
Puerto Rico		Sizzler #1232	MultiSystems Restaurants, Inc	Carretera 884 Km 53 7	Cupey	PR	00926	(787) 200-7456
Puerto Rico		Sizzler #1210	MultiSystems Restaurants, Inc	Barrion Quebrada Fajardo	Fajardo	PR	O0736	(787) 860-0435
Puerto Rico		Sizzler #1092	MultiSystems Restaurants, Inc	311 Plaza Las Americas	Hato Rey	PR	O0912	(787) 763-4693
Puerto Rico		Sizzler #1205	MultiSystems Restaurants, Inc	Carretera #2, KM 50 0, Local 36	Manati	PR	O0674	(787) 884-2900
Puerto Rico		Sizzler #1216	MultiSystems Restaurants, Inc	Plaza Sultana Rd #2, KM, 158 4	Mayaguez	PR	O0680	(787) 832-2855
Puerto Rico		Sizzler #1147	MultiSystems Restaurants Inc	State Road #2 KM2	Ponce	PR	O0731	(787) 841-5320
Puerto Rico		Sizzler #1192	MultiSystems Restaurants, Inc	San Juan Bay Marina, Fernandez Juncos Ave	San Juan	PR	O0901	(787) 273-3180
Puerto Rico		Sizzler #1230	MultiSystems Restaurants, Inc	Carretera #693 KM 1 5 Barrio Maguayo	Dorado	PR	00696	(787) 665-7061

LIST OF AFFILIATE-OWNED RESTAURANT LOCATIONS AS OF APRIL 28, 2019

USA							
CALIFORNIA							
California		Sizzler #0401	Sizzler USA Restaurants, Inc	5801 Sepulveda Blvd	Culver City	CA	90230	(310) 398-6111
California		Sizzler #0412	Sizzler USA Restaurants, Inc	81-760 Highway 111	Indio	CA	92201	(619) 347-6116
California		Sizzler #0266	Sizzler USA Restaurants, Inc	831 East Manchester	Inglewood	CA	90301	(310) 672-5301
California		Sizzler #0214	Sizzler USA Restaurants, Inc	710 S Western Ave	Los Angeles	CA	90005	(213) 936-4200
California		Sizzler #0219	Sizzler USA Restaurants, Inc	5856 W Manchester Ave	Los Angeles	CA	90045	(310) 641-1167
California		Sizzler #0226	Sizzler USA Restaurants, Inc	2920 Los Feliz Blvd	Los Angeles	CA	90039	(213) 660-1559
California		Sizzler #0628	Sizzler USA Restaurants, Inc	400 S Vermont Ave	Los Angeles	CA	90005	(213) 387-1647
California		Sizzler #0323	Sizzler USA Restaurants, Inc	6730 Rosewood Blvd	Pico Rivera	CA	90660	(310) 949-4511
California		Sizzler #0480	Sizzler USA Restaurants, Inc	110 W Redlands Blvd	Redlands	CA	92373	(909) 792-3579
California		Sizzler #0897	Sizzler USA Restaurants, Inc	1850 Douglas Blvd	Roseville	CA	95661	(916) 782-3220
California		Sizzler #0891	Sizzler USA Restaurants, Inc	3755 Murphy Canyon Rd , Suite S	San Diego	CA	93003	(805) 656-2748
California		Sizzler #0878	Sizzler USA Restaurants, Inc	17544 Hawthorn Blvd	Torrance	CA	90504	(310) 371-0775
California		Sizzler #0852	Sizzler USA Restaurants, Inc	7131 Van Nuys Blvd	Van Nuys	CA	91405	(818) 781-4014

<u>List of franchisees who have had franchises terminated, not renewed, transferred, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement from April 30, 2018 through April 28, 2019, or who have not communicated with us within 10 weeks of the application date</u>

California	Ohannes & Aziza Georgian	Baldwin Park	CA	(626) 472-6250
California	AAA Sizzle, Inc	Elk Grove	CA	(916) 687-4552
California	Bengal Tigers International, Inc	La Mirada	CA	(714) 228-0153
California	Durroh Development, LLC	Lomita	CA	(310) 626-6110

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

EXHIBIT F

Form of Sublease Agreement

SUBLEASE

This **SUBLEASE** (hereinafter referred to as "Lease") is made this _____, of 20__ by and between _________________ , a Delaware corporation, as Sublandlord (hereinafter referred to as "Landlord") and ______________, a Florida corporation, as Subtenant (hereinafter referred to as "Tenant")

RECITALS

A Landlord is the successor tenant in interest to the original tenant under that certain lease dated _____ by and between _______________, a/an_____ as landlord (referred to herein as "Master Landlord") and ________, a/an ________, as tenant, for the premises commonly known as ____________________ (hereinafter referred to as the "Demised Premises") Said lease has been amended by a document bearing the date of ______ (said lease as amended is hereinafter referred to as the "Master Lease") and a copy of the Master Lease is attached hereto as Exhibit "A" and by this reference Exhibit "A" is made a part hereof,

B Tenant and Landlord are desirous to sublease the Demised Premises upon the terms and conditions contained herein

AGREEMENT

NOW, THEREFORE, in consideration of the premises and covenants contained herein, the above recitals, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Landlord and Tenant agree as follows

1 SUBLEASE

Landlord hereby subleases the Demised Premises to Tenant and Tenant hereby subleases the Demised Premises from Landlord upon the terms and conditions contained herein

2 DOCUMENTS INCORPORATED

Except as otherwise provided herein, all applicable terms and conditions of the Master Lease are incorporated into and made a part of this Lease as if Landlord were the Master Landlord thereunder and Tenant were the original tenant thereunder If there is a conflict between the terms of the Master Lease and this Lease, the terms of this Lease shall control if the terms of this Lease are more restrictive than the terms of the Master Lease, and such interpretation does not cause a default under the Master Lease, otherwise the terms of the Master Lease, as the case may be, shall control

3. DEMISED PREMISES "AS-IS" CONDITION

Tenant covenants and agrees (i) that it has examined and knows the conditions of the Demised Premises and the furniture, fixtures and equipment (hereinafter referred to as the "FF&E" and a list of which shall be attached hereto as Exhibit "C", and by this reference made a part hereof) and every part thereof, and improvements thereon, (i) that the Demised Premises and the FF&E are subleased to Tenant in an "AS-IS" condition and upon the state of the title thereto existing at the commencement of the term of this Lease, and subject to all applicable laws, rules, regulations, ordinances, or restrictions which may exist at the commencement of the term of this Lease, and (ii) that no statements or representations as to the condition or repair of the Demised Premises or the FF&E have been made by or for Landlord prior to or contemporaneously with the execution of this Lease

TENANT ACCEPTS THE DEMISED PREMISES AND THE IMPROVEMENTS INCLUDING THE FF&E THEREON IN AN "AS IS" CONDITION AND LANDLORD EXPRESSLY DISCLAIMS ANY WARRANTIES, EXPRESS OR IMPLIED, AS TO THE CONDITION, MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE

It is understood and agreed by Tenant that the Demised Premises may not meet the current standards required under the Federal Government's Americans With Disabilities Act of 1990, as amended, (hereinafter referred to as the "Act"), It is also understood by Tenant that it is Tenant's obligation to comply with said Act at Tenant's sole cost and expense Landlord shall cooperate with Tenant in obtaining, when necessary, the Master Landlord's approval for any modification of the Demised Premises necessary to bring the Demised Premises into compliance with said Act

4 TERM, COMMENCEMENT DATE

A **Interim Term** The Interim Term of this Lease shall commence on the "Effective Date" of this Lease which shall be the last date appearing on the execution page of this Lease and shall terminate ninety (90) days thereafter but not later than _______, _____

B **Primary Term** The Primary Term of this Lease shall commence immediately upon the expiration of the Interim Term and shall terminate _______, ___ In the event the Primary Term commences on a day other than the first (1st) day of the month, all rent required to be paid for the first month hereof shall be prorated on the basis of a thirty (30) day month

5 RENT

A_ **Fixed Rent** Commencing with the Primary Term and continuing throughout the term of this Lease, Tenant shall pay to Landlord as Fixed Rent the sum of ___________________ ($ ___) per month, in lawful money of the United States, on or before the first (1st) day of each and every calendar month

B Percentage Rent

1 **Percentage Rent** During the Primary Term of this Lease, as Additional Rent, Tenant shall pay to Landlord a sum based on the amount by which ___ percent (____ %) of Tenant's Gross Sales (as hereinafter defined) made from or upon the Demised Premises during each month or Rental Period during the term of this Lease exceeds the Fixed Rent paid by Tenant during said month Such rent shall hereinafter be referred to as "Percentage Rent" Tenant's Gross Sales together with Tenant's customer count shall be reported for each month and Percentage Rent, if any, shall be computed, and paid for each month during each Lease Year Said Percentage Rent shall be computed on or before the twentieth (20th) day of the calendar month following the close of the preceding calendar month and Tenant shall pay to Landlord the amount so computed as Percentage Rent All payments of Percentage Rent due hereunder shall be paid by Tenant when due without abatement, deduction or set off

2 **Definition of Gross Sales** The term "Gross Sales", as used in this Lease, shall mean the gross amount received by Tenant for cash and the gross amount charged with Tenant on credit (whether payment is actually received for sales on credit or not) from all sales of merchandise, services and from income from all other sources derived from any business conducted on the Demised Premises, including orders received on said Demised Premises but filled elsewhere There shall be excepted from Tenant's Gross Sales, as the term is used herein, the amount of all sales tax receipts which are required to be accounted for by Tenant to any government or governmental agency Gross Sales shall not include tips for employees

3 **Accounting** Tenant shall keep, or cause to be kept, full, complete and proper books, records and accounts of the Gross Sales, deductions from Gross Sales and expenditures of each separate department and concession at any time operated at the Demised Premises Said books, records and accounts, including any sales or other tax reports that Tenant may be required to furnish to any governmental agency shall at all reasonable times be open to the inspection of Landlord, Landlord's auditor or other authorized Landlord representative or agent Landlord or its agents may completely audit all of Tenant's books and records, which Tenant agrees to keep intact for not less than thirty-six (36) months after the end of each Lease Year Landlord's failure to perform an audit for any period shall not be an admission of the accuracy of the statements or payments made by Tenant, nor will it bar Landlord from collecting anytime thereafter the Percentage Rent actually due In the event such audit performed by Landlord demonstrates that Gross Sales for any lease year have been understated by more than two percent (2%), Tenant shall immediately pay to Landlord, in addition to the amount due, the cost and expense of Landlord's audit, and a penalty of twenty five percent (25%) of the unaudited amount

4 **Lease Year** A "Lease Year" shall be a calendar year, except that the first Lease Year shall commence on the date the term commences and the last Lease Year shall end on the date the term expires or terminates

C Late Payment of Rent or Additional Rent If any installment of rent or any other amounts described as "Additional Rent" is paid more than ten (10) days after the date said installment is due, it shall bear interest at the maximum lawful rate from the due date to the date of payment In addition to such interest, Tenant acknowledges that the late payment by Tenant of any installment of any amounts due as rent or Additional Rent will cause Landlord to incur certain costs and expenses not contemplated by this Lease, the exact amount of which costs being extremely difficult or impractical to fix Such costs and expenses include, without limitation, administrative and collection costs and processing and accounting expenses Therefore, if any installment is not received by Landlord from Tenant by the tenth (10th) day of the month for which such installment is due, Tenant shall immediately pay to Landlord a late charge equal to ten percent (10%) of such installment or two hundred fifty dollars ($250 00), whichever is greater Landlord and Tenant agree that this late charge represents a reasonable estimate of such costs and expenses and is fair compensation to Landlord for its loss suffered by such nonpayment of Tenant Acceptance of any late charge imposed hereunder shall not constitute a waiver of Tenant's default with respect to such nonpayment by Tenant nor prevent Landlord from exercising all other rights and remedies available to Landlord under this Lease

In the event Tenant, at any time, does not strictly comply with all of the terms, covenants and conditions of this Lease, Landlord may, but without obligation, elect to perform for Tenant and on behalf of Tenant In such event, any amounts expended by Landlord shall be immediately due and payable by Tenant to Landlord as Additional Rent hereunder and in the event of nonpayment thereof, Landlord shall be entitled to exercise all of its remedies for Tenant's failure to pay rent as set forth herein

6 SECURITY DEPOSIT

Tenant shall pay to Landlord, upon execution of this Lease, the sum of Ten Thousand and no/100 Dollars ($10,000 00), which sum shall be held by Landlord as a security deposit for the full and faithful performance of each and every term covenant and condition of this Lease and shall be applied as a partial payment of the last month's rent due hereunder If Tenant defaults in respect to any of the terms, covenants and conditions of this Lease, Landlord may use or apply the whole or any part of this security deposit for payment to cure said default without prejudice to any other remedy Landlord may have as a result of such default In such event, upon request of Landlord, Tenant shall deposit with Landlord the amount so applied so that the Landlord shall have the full amount of the security deposit on deposit with Landlord Tenant's failure to pay to Landlord a sufficient amount to restore said security to the original sum shall constitute a breach of this Lease Tenant shall not be entitled to any interest on the security deposit and Landlord shall have the right to commingle said security deposit with other funds of Landlord

7 INSURANCE

Tenant shall provide Landlord, Master Landlord or Sublandlord with appropriate Certificates of Insurance or copies of all insurance policies required under the Master Lease or Subleases, naming Landlord, Landlord's parent company Sizzler International, Inc , a Delaware corporation, Master Landlord, Sublandlord and Master Landlord's lenders, if any, as additional insured, prior to Tenant taking possession of the Demised Premises Tenant's failure to provide the appropriate Certificate of Insurance when due shall be deemed a material default, if Landlord has to obtain such insurance because of Tenant's default, Tenant shall immediately pay to Landlord the cost of such insurance plus an administrative fee of equal to twenty-five percent (25%) of such premium cost Landlord is in position to tender possession of the Demised Premises upon the Effective Date (as defined below) of this Lease or at a specific date thereafter as agreed to by and between Landlord and Tenant

8. UTILITIES

Commencing with the possession of the Demised Premises, Tenant shall pay for all water, fuel, light, power, heat and telephone services or other utility services supplied to the Demised Premises

9 USE

Tenant shall use and occupy the Demised Premises solely for the business of a restaurant as permitted under the Master Lease and the laws of the State of _____ and for no other use or purpose whatsoever, whether incidental or otherwise without first obtaining Landlord's, the Master Landlord's written consents Tenant acknowledges that Landlord must obtain the Master Landlord's consent to the proposed use by Tenant Landlord will use its best efforts to obtain such consents and waivers during the Interim Term of this Lease In the event that Landlord has not or can not, in the sole opinion of Landlord, obtain the Master Landlord's consents by ___________, this Lease shall be automatically terminated by Landlord giving Tenant written notice of Landlord's failure to obtain the necessary consents

Tenant shall not use the Demised Premises, nor permit the Demised Premises to be used, in violation of any law, ordinance or regulation and Tenant shall maintain the Demised Premises so as not to allow the Demised Premises to become a public or private nuisance

10 NET LEASE

This Lease is a net lease, and Tenant shall pay all amounts of every character for the payment of which Landlord or Sublandlord shall be liable by reason of their estate or interest in the Demised Premises, or which arise out of the possession, use, repair or rebuilding of the improvements upon the Demised Premises, including but not limited to, as Additional Rent the common area maintenance (CAM) and merchant association dues, if any All rent and all other amounts payable by Tenant hereunder as Additional Rents, shall be paid without notice or demand, and without set-offs, counterclaim, defense, abatement, deferment or moratorium Tenant shall perform and observe the covenants and conditions to be performed and observed by Landlord under the Master Lease and Subleases

11 LIENS

Tenant agrees and covenants that it will not cause or suffer the creation of any mechanic's liens, or other liens for any labor performed or materials furnished, for or on behalf of Tenant, which may cloud or impair Landlord's title to the Demised Premises, and that if any such liens shall arise due to an act or omission of Tenant, Tenant shall promptly remove the same and that the same shall be discharged of record at Tenant's expense within ten (10) days after request from Landlord In the event Tenant fails to discharge any lien after the request of Landlord, Landlord may issue a bond of said lien and the cost thereof shall be deemed Additional Rent and shall be included by Tenant in its next rent payments to Landlord

12 INDEMNIFICATION.

Tenant covenants with Landlord that Landlord shall not be liable for any damage or liability of any kind or for any injury to or death of persons, damage to property of Tenant or any other person occurring from and after the Effective Date hereof, from any cause whatsoever, by reason of the use, occupancy and/or enjoyment of the Demised Premises by Tenant or any person thereon or holding under Tenant, including, but not limited to, damages resulting from any labor dispute, and that Tenant shall indemnify and save Landlord harmless from all liability whatsoever, on account of any such real or claimed damage or injury and from all liens, claims and demands arising out of the use of the Demised Premises and its facilities, or any repairs, alterations or improvements which Tenant may make or cause to be made upon same Demised Premises

13 WAIVER OF SUBROGATION.

The parties release each other, and their respective authorized representatives, from any claims for damage to any person or property of either Landlord or Tenant in or on the Demised Premises that are caused by or result from risks insured against under any insurance policies carried by the parties and in force at the time of any such damage The parties further agree neither party shall be liable to the other for any damage caused by fire or any of the risks insured against under any insurance policy required by this Lease and each party shall cause each insurance policy obtained by it to provide that the insurance company waives all right of recovery by way of subrogation against either party in connection with any covered damage

14 NOTICES.

Any and all notices or demands by or from Landlord to Tenant, or Tenant to Landlord shall be in writing They shall be served either personally, via messengei or overnight carrier, or by certified mail If served personally, service shall be conclusively deemed made at the time of service If served by certified mail, service shall be conclusively deemed made seventy-two (72) hours after deposit thereof in the United States mail, postage prepaid

Any notice or demand to Landlord may be given unto it at

25910 Acero Drive, Suite 350
Mission Viejo, CA 92691

Copy 1	ATTENTION Legal Department
Copy 2	ATTENTION Real Estate Department

TEL (949) 491-8402
FAX (949) __________

Any notice or demand to Tenant may be given unto it at

____
____
____

TEL (__) ___-_______

FAX (__) ___-________

Said addresses may be changed from time to time by notice given in accordance with the provisions of this paragraph

15. PROPERTY TAXES

A **Taxes** From and after the commencement of the Primary Term, as Additional Rent, Tenant shall pay Landlord as provided herein

(i) all taxes, assessments (including assessments for benefits from public works or improvements, whether or not begun or completed prior to the commencement of the term of this Lease and whether or not to be completed within said term) levies, fees, water and sewer rents and charges, and all other governmental charges, general and special, ordinary and extraordinary, and whether or not the same shall have been within the express contemplation of the parties hereto, together with any interest and penalties thereon, which are, at any time, imposed or levied upon or assessed against (A) the Demised Premises or any part thereof, (B) any rent reserved or payable hereunder, (C) this Lease or the leasehold estate hereby created or which arise in respect of the operation, possession, occupancy or use thereof, or (D) any Personal Property Lease to Tenant by Landlord or owned by Tenant which personal property is located upon the Demised Premises

(ii) any gross receipts or similar taxes imposed or levied upon, assessed against or measured by the Fixed Rent, Additional Rent or such other sums payable by Tenant hereunder,

(iii) all sales and use taxes which may be levied or assessed against or payable by Landlord or Tenant on account of the acquisition, leasing or use of the Demised Premises or any portion thereof

Notwithstanding the foregoing provisions of this paragraph, Tenant shall not be required to pay any franchise, corporate, estate, inheritance, succession, transfer, income, profits or revenue taxes of Landlord (other than any gross receipts of similar taxes imposed or levied upon, assessed against or measured by the Fixed Rent, Additional Rent or any other sums payable by Tenant hereunder) unless any such tax, assessment, charge or levy is imposed or levied upon or assessed against Landlord in substitution for or in place of any other tax, assessment, charge or levy referred to in this paragraph

B **Apportionment** All property taxes and assessments that shall become due and payable during the first and last years of the term of this Lease, shall be apportioned pro rata between Landlord and Tenant in accordance with the respective number of months during which the Tenant occupies the Demised Premises and shall be based on the taxing authority's year

C **Contesting Assessment** Tenant, at its expense, shall have the right to contest or review by legal, administrative or other proceedings the amount or validity of any tax or assessment imposed against the Demised Premises, but Landlord shall not be liable for any expenses, including attorney's fees, in connection therewith If there shall be any refund payable by the governmental authority with respect thereto, Tenant shall be entitled to receive and retain the same, subject, however, to the apportionment as hereinabove provided in subparagraph B

D **Method of Payment** Tenant agrees to pay to Landlord as Additional Rent, together with its Fixed Rental payment of one-twelfth (1/12th) of the amount of property taxes, in advance Landlord may estimate the amount of taxes payable by Tenant for any tax year and Tenant agrees to pay such estimated taxes on the first (1st) day of each month of the term of this Lease, with appropriate adjustment at the time of determining the actual taxes payable by Tenant for such tax year The amount payable in the current period shall be adjusted annually based on the last period for which taxes were actually paid plus or minus the difference between the taxes for said period and the prior period If the total amount of property taxes collected by the Landlord during any Lease Year shall exceed the actual property taxes payable by Tenant for such Lease Year, Landlord shall credit such excess to the next tax obligation of Tenant under this Lease, and in the case of the final Lease Year such excess shall be paid to Tenant within sixty (60) days after such computation

16 HAZARDOUS SUBSTANCES

A The term "Hazardous Substances" as used in this Lease shall include, without limitation, flammables, explosives, radioactive materials, asbestos, polychlorinated biphenyls

(PCBs), chemicals known to cause cancer or reproductive toxicity, pollutants, contaminants, hazardous wastes, toxic substances or related materials, petroleum and petroleum products, and substances declared to be hazardous or toxic under any law or regulation now or hereafter enacted or promulgated by any governmental authority

B Tenant shall not cause or permit to occur

(i) Any violation of any federal, state, or local law, ordinance, or regulation now or hereafter enacted, related to environmental conditions on, under, or about the Demised Premises, or arising from Tenant's use or occupancy of the premises, including, but not limited to, soil and ground water conditions, or

(ii) The use, generation, release, manufacture, refining, production, processing, storage, or disposal of any Hazardous Substances on, under, or about the Demised Premises, or the transportation to and from the premises of any Hazardous Substances, except as specifically disclosed on Schedule A to this Lease

C Tenant shall, at Tenant's own expense, comply with all laws regulating the use, generation, storage, transportation, or disposal of Hazardous Substances Tenant shall, at Tenant's own expense, make all submissions to, provide all information required by, and comply with all requirements of all governmental authority under said laws

D Should any Authority or any third party demand that a cleanup be undertaken because of any spill, discharge, or other release of Hazardous Substances that occurs during the term of this Lease, as a result of Tenant's use or occupancy of the Demised Premises, then Tenant shall, at Tenant's own expense, carry out all such cleanup to the satisfaction of all governmental authorities, agencies, etc

E Tenant shall provide all information regarding the use, generation, storage, transportation, or disposal of Hazardous Substances to Landlord upon request

F If Tenant fails to fulfill any duty imposed under this entire Paragraph within a reasonable time, then and in such case Landlord may take whatever actions are necessary to correct the situation, and Tenant shall reimburse Landlord for all costs associated therewith (including attorney's fees and consulting fees) arising out of or in any way connected with any deposit, spill, discharge, or other release of Hazardous Substances that occurs during the Term of this Lease, and as a result of Tenant s use or occupancy of the Demised Premises

G Tenant shall indemnify, defend, and hold harmless the Landlord from all fines, suits, procedures, claims and actions of every kind, and all costs associated therewith arising out of or in any way connected with any deposit, spill, discharge, or other release of Hazardous Substances that occurs during the Term of this Lease and as a result of the Tenant's use or occupancy of the Demised Premises

H Tenant's obligations and liabilities under this entire Paragraph shall survive the expiration of this Lease

17 **MISCELLANEOUS PROVISIONS**

A If the Tenant consists of more than one (1) person, then the covenants, agreements and obligations of the respective parties shall be binding upon all such parties, jointly and severally

B This Lease is and shall be subordinate to any encumbrances recorded after the date of this Lease affecting the Demised Premises Notwithstanding the foregoing, provided Tenant is not in default hereunder, Tenant's interest herein shall not be disturbed by any such encumbrance and the terms of this Lease shall continue in full force and effect

C Tenant shall permit Landlord and its agents to enter into and upon the Demised Premises at all reasonable times for the purpose of inspecting the same

D In the event the original Lease held by either Landlord or Tenant is lost or destroyed, each party agrees to re-execute this Lease at any time upon the request of the other

E Nothing contained in this Lease shall be deemed or construed by the parties hereto, or any other third (3rd) party, to create the relationship of principal and agent, or of partnership or of joint venture, or of trustee and beneficiary, or of any other association between the parties hereto and neither the method of payment of any monies hereunder, nor any other provisions in this Lease, nor any acts of the parties hereto, shall be deemed to create any relationship set forth hereinabove

F The parties hereto understand and agree that no party or parties hereto shall be obligated to pay any income tax, profits tax, excise tax, unemployment insurance tax or other similar tax or charge that may be payable by or chargeable to any other party or parties hereto, under any present or future laws of the state in which the Demised Premises are located, the State of California, the United States, or any other governmental agency or authority

G No waiver of default by the party or parties hereunder shall be implied from any omission by a party or parties to take action on account of such default if such default persists or is repeated, and no express waiver shall affect any default other than the default specified in the express waiver, and that only for the time and to the extent therein stated One or more waivers of any covenant, term or condition of this Lease by a party or parties shall not be deemed to waive or render unnecessary the consent to or approval of said party or parties of any subsequent or similar acts by a party or parties

H This Lease may be amended, modified and changed only by a written instrument signed by all the parties hereto

I The language in all parts of this Lease shall be in all cases construed simple according to its fair meaning and not strictly for or against any of the parties hereto

J The word “persons” whenever used shall include individuals, estate, trusts, firms, associations, partnerships and limited partnerships, corporations and all other legal entities of any type whatsoever

K The various rights, options, elections, powers and remedies of a party or parties to this Lease shall be construed as cumulative, and no one of them exclusive of any others or of any legal or equitable remedy which said party or parties might otherwise have in the event of breach or default in terms hereof, and the exercise of one right or remedy by a party or parties shall not in any way impair his rights to any other right or remedy until all obligations imposed on a party or parties have been fully performed

L The captions of the paragraphs and the consecutive order of the paragraphs of this Lease are for convenience only, and shall not be considered or referred to in resolving questions or interpretations or construction

M This Lease may be executed in any number of counterparts, each of which so executed and delivered shall be deemed an original, but such counterparts together shall constitute but one Lease

N This Lease shall be construed according to the laws of the State in which the Demises Premises are located

O Time is of the essence of this Lease

P Each party, upon the request of the other, agrees to perform any further acts and execute and deliver any documents which may be reasonably necessary to carry out the provisions of this Lease

Q Should any portion of this Lease be declared invalid and unenforceable, then such portion shall be deemed to be severable from this Lease and shall not affect the remainder thereof

R It is expressly understood that this Lease contains all terms, covenants, conditions and agreements between the parties hereto relating to the subject matter of this Lease, and that no prior agreements or understandings, either oral or written, pertaining to the same, shall be valid or of any force or effect, and that the terms, covenants, conditions and provisions of this Lease cannot be altered, changed, modified or added to except in writing by all the parties hereto

S Should any party or parties hereto institute any action or proceeding in Court or by arbitration to enforce any provision or provisions hereof, or for damages by reason of any default under this Lease, or for a declaration of such party’s or parties’ rights or obligations hereunder, or for any other judicial remedies, the prevailing party or parties shall be entitled to receive from the losing party or parties such amount as the Court may find to be actual attorney's fees and costs incurred for the services rendered the party or parties prevailing in any such action or proceeding or on appeal therefrom In the event Landlord employs the services of counsel, without regard to the commencement of any action, resulting from Tenant's failure to strictly comply with all of the terms, covenants and conditions hereof, all attorney's fees incurred by Landlord shall be deemed Additional Rent hereunder from Tenant

T This Lease shall be binding upon and inure to the benefit of the personal and legal representatives, successors and assigns of the parties and also upon the heirs, executors and administrators of any individuals executing this Lease

U In interpreting this Lease, the masculine included the feminine and neuter genders, the plural includes the singular, and vice versa as the context may require

V Landlord shall be responsible for the payment of leasing and sales commission due to any real estate broker retained or hired by Landlord for the procurement of the Tenant hereunder

W Tenant hereby expressly waives any and all rights of redemption or reinstatement granted by or under any present or future laws in the event of Tenant being evicted or dispossessed for any cause, or in the event of Landlord obtaining possession of the Demised Premises by reason of the violation by Tenant of any of the covenants and conditions of this Lease or otherwise The rights given to Landlord herein are in addition to any rights that may be given to Landlord by any statute or otherwise

X This Lease contains thirteen (13) consecutively numbered pages plus Exhibit "A" (Master Lease) and the Master Landlord's Consent, Exhibit "B-1" (Sublease #1) and the Sublandlord's consent and Exhibit "B -2" (Sublease #2) and the Sublandlord's consent, each page of which has been read and reviewed by all the parties hereto

The parties hereto have executed this Lease as set forth below, and the Effective Date of this Lease shall be the latest date of execution

LANDLORD·	**TENANT**
______________________	______________________
a ______________ corporation	a ______________ corporation
By ______________________	By ______________________

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US 48938472 02

Its ____________________	Its ____________________
By ____________________	By ____________________
Its ____________________	Its ____________________

EXHIBIT "A"

MASTER LEASE

LANDLORD· ____________________

TENANT ____________________

LEASE DATED ____________________

EXHIBIT "B"

(List of furniture, fixtures and equipment)

EXHIBIT G

Form of Asset Purchase Agreement

AGREEMENT

FOR

PURCHASE AND SALE

OF

ASSETS

by and among

____

("Seller")

and

____

("Purchaser")

Re Sızzler Restaurants No ____________

AGREEMENT FOR PURCHASE AND SALE OF ASSETS

This Agreement for Purchase and Sale of Assets (the "Agreement") is entered into this _____ day of _______________, _____, by and among _______________________________, a _______________________ ("Seller"), and ____________________________, a _______________________ ("Purchaser")

RECITALS

The parties hereby acknowledge that

A Seller owns and operates, either directly or indirectly, the following __________ (__) restaurants doing business under the "Sizzler" name Restaurant No _______, Restaurant No _____, and Restaurant No _____ (as these terms are defined on Schedule 1 hereto), hereinafter referred to collectively as the "Restaurants" and individually as a "Restaurant "

B On the terms and conditions hereinafter set forth, Seller desires to sell to Purchaser, and Purchaser desires to purchase from Seller, certain assets of Seller relating to the operation of the Restaurants

AGREEMENT

In consideration of the recitals set forth above and the mutual covenants, agreements, representations and warranties contained in this Agreement, the parties hereto hereby agree as follows

1 **PURCHASE AND SALE OF ASSETS.**

Subject to the terms and conditions herein, and effective as of the Closing Date (as defined in Section 7 below), Purchaser agrees to purchase from Seller, and Seller agrees to sell, assign, transfer and convey to Purchaser all of Seller's right, title and interest in and to the following

a) Improvements All leasehold improvements located on each of the Restaurants premises (the "Improvements") A list of leasehold improvements is attached hereto as Schedule 3

b) Equipment Furniture, fixtures, equipment, machinery, dishes, glassware, utensils and other smallwares, menus, uniforms, business machines, supplies and other property (whether such property constitutes real, personal or mixed property) used in connection with the operation of the Restaurants (the "FF&E") A list of all FF&E at each Restaurant has been provided to Purchaser

c) Inventory The usable and sellable food inventory and stock in trade of Seller used in connection with the operation of the Restaurants (the "Inventory") as of

____

d) Licenses The alcoholic beverage licenses described on Schedule 4 hereof (the "Alcoholic Beverage Licenses"), together with copies of any documented restrictions, including but not limited to, conditional use permits issued by the local governing body A copy of the referenced documents are attached hereto with Schedule 4

e) Change Fund All of the United States currency consisting of coins and bills which constitutes the change fund at each Restaurant as of ________________

f) Miscellaneous Personal Property All supplies and/or sundry items, including telephone numbers and classified phone listings, keys, and lock combinations of or relating to the operation of the Restaurants Upon request by Purchaser at any time within six months of the Closing Date, Seller will use reasonable efforts to provide copies, or originals, as may be appropriate, of all books and records, including but not limited to receipts, sales and expense records, registration lists, manufacturers' warranties, owner's manuals, customer and supplier records, and the documents described at Section 6a relating to the operation of the Restaurants (the "Books and Records") Purchaser shall be entitled (prior or subsequent to Closing at Purchaser's option) to make and retain copies of any original Books and Records when the originals are retained by Seller All Books and Records shall remain in the possession and custody of Seller, on behalf of Purchaser, for a period of twelve months after the Closing Date (as defined in Section 7 herein), at the address of Seller listed in Section 14(g) hereof, unless they are required to be transferred to any other entity by operation of any applicable law or order of any court of competent jurisdiction, in which case, prior to any such transfer, Seller will use reasonable efforts to allow Purchaser to have copied, at Purchaser's expense, Books and/or Records designated by Purchaser and have the copies delivered to Purchaser While the Books and Records are required to be in Seller's possession and custody hereunder, Seller shall make reasonable efforts to maintain and preserve them in good and complete condition and provide Purchaser with direct access to and the right to take or copy the Books and Records at any time during normal business hours While the Books and Records are in Seller's possession and custody, Seller shall have the right to photocopy any and all of Books and Records for its own use At the end of the twelve month retention period, Seller may, at its discretion, have the Books and Records destroyed

The Improvements, the FF&E, the Inventory the Alcoholic Beverage Licenses, and the items described in 1(g) and any other items specifically listed in Paragraph 1 hereof are sometimes hereinafter referred to collectively as the "Assets "

2 **LEASE(S) AND LICENSE AGREEMENT(S)**

a) Sublease of Lease(s) In addition to its sale of the Assets to Purchaser, Seller shall sublease to Purchaser at the Closing (as defined in Section 7 below) Seller's leasehold interest under the respective real property lease for each of the Restaurants pursuant to written sublease agreements (collectively, the "Sublease") in the form attached hereto as Exhibit A, with the approval of the landlords thereof The Premises Lease(s) are described on Schedule 2 attached hereto and are hereinafter collectively referred to as the "Premises Lease " Purchaser's obligations under the Sublease shall be guaranteed by the officers, shareholders and/or principal(s) of Purchaser who hold a beneficial interest of ten percent (10%) or more of the ownership of Purchaser or of any corporation directly or indirectly controlling Purchaser

b) Franchise License Agreement Effective upon the Closing Date, Purchaser shall execute a Franchise License Agreement of Sizzler USA Franchise, Inc ("Franchisor") and related documents Said Franchise License Agreement shall be guaranteed by the officers, shareholders and/or principal(s) of Purchaser who hold a beneficial interest of ten percent (10%) or more of the ownership of Purchaser or of any corporation directly or indirectly controlling Purchaser

3 CONSIDERATION FOR PURCHASE

a) Purchase Consideration for Assets As full purchase consideration for the Assets, except the Inventory and Change Fund, Purchaser shall pay and Seller shall accept the sum of ____________________ Dollars ($__________________) (the "Purchase Price"), which shall be payable as follows

   i) As a good faith deposit, in cash, wire transfer or cashier's check payable to the Escrow Holder (as defined in Section 4a herein) upon opening of escrow, the amount of _______________________ Dollars ($______________) (the "Deposit")

   ii) In cash, wire transfer or cashier's check at the Closing, the amount of ____________________ Dollars ($_______________) (the "Cash Consideration")

   iii) Purchaser's Promissory Note in the form attached hereto as Exhibit B in the principal amount of ____________________________ Dollars ($_____________) (the "Note '), said Note to be secured by a security interest and lien against all Assets, Purchaser shall execute and deliver to Seller the Security Agreement in the form attached hereto as Exhibit C, and upon Seller's request, any financing statements, as well as extensions, renewals and amendments thereof, in such form as Seller deems reasonably necessary to perfect a security interest with respect to said Assets or any portion thereof, and said Note shall be guaranteed by the officers, shareholders and/or principal(s) of Purchaser who hold a beneficial interest of ten percent (10%) or more of the ownership of Purchaser or of any corporation directly or indirectly controlling Purchaser

iv) The Additional Cash Amount which shall be an amount equal to Seller's cost of all unopened Inventory and the value of all Change Funds in the Restaurants as of ________________ The value of the Inventory and Change Funds shall be indicated on schedules prepared after an inspection of the Restaurants by representatives of Seller and Purchaser The Additional Cash Amount shall be payable in cash at Closing

b) Allocation of Purchase Consideration The Purchase Price without consideration of the Additional Cash Amount shall be allocated as set forth in Exhibit D, which shall be completed promptly after the execution hereof The Additional Cash Amount is intended to reflect the value of all of the remaining Assets

c) Covenant Purchase Consideration Neither party has given or purchased from the other a covenant not to compete hereof, and there shall be no additional consideration to be paid by Purchaser to Seller therefor

d) No Assumption of Liabilities

i) Except for any contracts expressly assumed by Purchaser and listed in Schedule 5, Purchaser shall not assume, and shall not become responsible for, any debts, liabilities, obligations or claims of or against Seller or any of Seller's respective employees, independent contractors, consultants, officers or directors

ii) Purchaser shall have the right, but not the obligation, to assume any agreement listed on Schedule 5 hereto and shall notify Seller of its intention to assume any such agreement at the Closing Seller and Purchaser shall take all steps necessary or reasonable to facilitate the assumption of any such agreement by Purchaser Any contracts, executory agreements, personal and/or real property leases, and any similar obligation of Seller that are assumed by Purchaser (the "Assumed Contracts") shall be prorated as of the Closing, and deposits, prepaid rent and similar funds shall be paid to Seller by Purchaser at the Closing

4 **ESCROW**

a) Appointment of Escrow Holder Seller and Purchaser shall open an escrow for the purchase and sale described in this Agreement immediately after execution of this Agreement, and before filing a transfer application with the ______________ Department of Alcoholic Beverage Control Such Escrow Holder shall be a mutually agreed upon licensed escrow company or a licensed attorney (hereinafter referred to as the "Escrow Holder") holding a license in the state of ______________

b) Deposits by Seller into Escrow

i) Seller shall deposit into escrow, upon execution, two originals of this Agreement executed by Seller,

ii) Prior to Close of Escrow, Seller shall deposit the following into escrow

a) a fully executed original bill of sale for each Restaurant, in form and substance satisfactory to Purchaser (as set forth herein as Exhibit E), assigning, selling and transferring from Seller to Purchaser all personal property, including but not limited to FF&E, Inventory and Change Funds in respect of each Restaurant,

b) three originals of a Sublease for each of the respective Premises Leases relating to the Restaurants, each executed by the tenant of the Premises Lease as sublessor, in form and substance satisfactory to Purchaser (as set forth herein as Exhibit A) with the approval of the landlord thereof,

c) the Seller's Closing Certificate, in form and substance satisfactory to Purchaser (as set forth herein as Exhibit I),

c) Deposits by Purchaser into Escrow

i) Purchaser shall, upon execution hereof and prior to filing a transfer application with the Department of Alcoholic Beverage Control, make the following deposits into escrow

a) two originals of this Agreement executed by Purchaser,

b) the Deposit, as defined in Section 3a(i) above

ii) Prior to Close of Escrow, Purchaser shall deposit the following into escrow

a) one original of the Note described in Section 3a(iii) above, executed by Purchaser,

b) two originals of a Security Agreement, in form and substance satisfactory to Seller (as set forth herein as Exhibit C), executed by Purchaser, granting Seller a security interest in the Assets to secure the obligations under the Note,

c) one original of a guaranty agreement, in form and substance satisfactory to Seller (as set forth herein as Exhibit F), executed by the officers, shareholders and/or principal(s) of Purchaser who hold a beneficial interest of ten percent (10%) or more of the ownership of Purchaser or of any corporation directly or indirectly controlling Purchaser, in favor of Franchisor for the guaranty of the obligations of Purchaser under the Franchise License Agreement,

d) one original of a guaranty agreement, in form and substance satisfactory to Seller (as set forth herein as Exhibit G), executed by the officers, shareholders and/or principal(s) of Purchaser who hold a beneficial interest of ten percent (10%) or more of the ownership of Purchaser or of any corporation directly or indirectly controlling Purchaser, in favor of Seller for the guaranty of the obligations of Purchaser under the Sublease,

e) one original of a guaranty agreement, in form and substance satisfactory to Seller (as set forth herein as Exhibit H), executed by the officers, shareholders and/or principal(s) of Purchaser who hold a beneficial interest of ten percent (10%) or more of the ownership of Purchaser or of any corporation directly or indirectly controlling Purchaser, in favor of Seller for the guaranty of the obligations of Purchaser under the Note,

f) three originals of a Sublease (as set forth herein as Exhibit A) with reference to each of the respective Premises Leases relating to the Restaurants, executed by the Purchaser as sublessee thereunder, with the approval of the landlord thereof,

g) two originals of Franchisor's Franchise License Agreement, executed by Purchaser,

h) the Purchaser's Closing Certificate, in form and substance satisfactory to Seller (as set forth herein as Exhibit I),

i) by cash deposit, wire transfer, or cashier's check made payable to the Escrow Holder

(1) the Cash Consideration, as defined in Section 3a(ii) above,

(2) the amount of the first monthly payment due under the Note,

(3) the Additional Cash Amount,

(4) the amount of any prepaid rent and security deposit, and

j) a final schedule of FF&E, a final schedule of Inventory and final schedule of Change Funds

d) Required Escrow Instructions All interest accruing on account funds shall inure to the benefit of and be payable to Seller at Closing Escrow Holder shall be requested to draft escrow instructions conforming with this Agreement, to be mutually approved by the Seller and Purchaser Pursuant to such escrow instructions, the parties shall direct the Escrow Holder to deliver documents and to distribute the Purchase Price, with any necessary consent of the Department of Alcoholic Beverage Control

e) Prorations and Prepayments Except as may be otherwise agreed in writing (i) rent, common area maintenance, real and personal property taxes, license fees, permit fees and any other item to be prorated between the parties shall be prorated at the Closing on the basis of a 30-day month, and (ii) any prepaid rent and security deposits and sums paid in advance to any Landlord under the Premises Leases shall be paid to Seller at the Closing

5 JOINT OBLIGATIONS OF SELLER AND PURCHASER PRIOR TO CLOSING

Seller and Purchaser agree that

a) Prompt Action In good faith and with due diligence, promptly following the execution and delivery of this Agreement, Seller and Purchaser shall use their best efforts to perform their respective obligations and consummate the transactions described in this Agreement

b) Application for License Transfer Seller shall cooperate with Purchaser to facilitate the transfer of the Alcoholic Beverage Licenses from Seller to Purchaser Promptly after execution of this Agreement, Purchaser and Seller shall execute and file with the Department of Alcoholic Beverage Control applications for transfer of the Alcoholic Beverage Licenses from Seller to Purchaser Purchaser shall pay all fees required to effectuate the transfer of the Alcoholic Beverage Licenses

c) Application for Temporary Permit After the parties have filed the application for transfer of the Alcoholic Beverage Licenses, Purchaser shall file an application for a temporary permit allowing Purchaser to operate the Restaurants while the transfer applications are pending At the time that Purchaser files such an application, Seller shall surrender the Alcoholic Beverage Licenses to the Department of Alcoholic Beverage Control in accordance with its rules

6 SELLER'S OBLIGATIONS PRIOR TO CLOSING.

Seller covenants that from the date of this Agreement until the Closing

a) Purchaser's Access to Restaurant and Information Seller agrees that Purchaser and Purchaser's employees, agents and representatives shall be permitted access during normal business hours to the Restaurants in order to inspect same and to inspect the Assets Seller shall use its best reasonable efforts to furnish or cause to be furnished to

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Purchaser all data and information concerning the Restaurants and the Assets that Purchaser may request

b) Third Party Agreements and Consents Seller shall cooperate with Purchaser to obtain the written consent of any persons required pursuant to this Agreement, including without limitation, the approval of the landlords under the Premises Leases and the Department of Alcoholic Beverage Control to the transfer of the Alcoholic Beverage Licenses (the cost of which shall be paid by Purchaser)

c) Conduct of Business Until the Closing Date, Seller shall carry on, or cause to be carried on, the business of operating the Restaurants in substantially the same manner as previously carried out, and shall not institute any unusual or novel methods of inventory purchase, management, accounting or operation that varies materially from the methods utilized by Seller as of the date of this Agreement

d) Employees

i) Purchaser shall have the right to meet and interview all employees of Seller listed on Schedule 6 hereto up to the day before the Closing Date

ii) Purchaser shall have no obligation whatsoever to employ any person currently employed by Seller with respect to the Restaurants

iii) No later than the close of business on the Closing Date, Seller shall terminate all its employees associated with operations of the Restaurants and shall pay each of such employees any and all salaries, expenses, costs, benefits, liabilities and all other amounts of any kind whatsoever accruing or owing to such employees (under individual arrangements with such employees or under current or past policies of Seller) through and as of the Closing Date Seller shall pay all unemployment and withholding taxes, Social Security taxes and all other obligations to state and federal agencies in regard to wages paid by Seller up to the Closing Date

e) Dispositions of Assets From the date of this Agreement until the Closing Date, Seller shall not sell, assign, transfer or encumber, or remove from the Restaurants, any of the Assets, nor agree to do so, except that Seller may utilize its Inventory in the regular course of business Seller shall not amend or modify any Premises Lease in any respect, nor agree to do so, without the prior written consent of Purchaser

7 CLOSING

a) Closing Date Consummation of the purchase and sale of the Assets (the "Closing") shall take place at the offices of the Escrow Holder (or at such other place as the parties may mutually agree) on the date to which the parties hereto may mutually agree in writing (the "Closing Date"), which date shall not occur before the first date on which the transfer of the Alcoholic Beverage License for all of the Restaurants has been approved, provided however, that in any event, the Closing Date shall not be later than ________________

b) Pre-Closing Operation of the Restaurants Pursuant to Management Agreement If the parties determine that to do so is in their mutual best interests, Seller may surrender, and Purchaser may accept possession of, the Assets (including the Purchased Restaurants' premises) before the Closing Date pursuant to the terms of a separate written management agreement (the "Management Agreement") The Management Agreement shall be in form satisfactory to Purchaser and Seller and shall provide for Purchaser's temporary operation of the Restaurants pending the Closing Purchaser shall not be deemed, by reason of executing, delivering, or performing its obligations under the Management Agreement to (i) have assumed any liability of Seller or liability arising out of the operation of any of the Restaurants other than as specified in the Management Agreement, (ii) have waived any rights, including any of Purchaser's conditions precedent to closing, under this Agreement, and (iii) have accepted ownership or transfer of title to any of the Assets before the Closing

8 **REPRESENTATIONS AND WARRANTIES OF SELLER.**

Seller represents, warrants and agrees that, to its actual knowledge

a) Corporate Existence and Organization Seller is a corporation duly organized and validly existing in good standing under the laws of the State of ________________ and has all requisite corporate power and authority to perform all obligations and consummate all transactions contemplated hereunder

b) Authority Except as provided herein, (i) Seller has the right, power, legal capacity and authority to enter into and perform the obligations under this Agreement, (ii) no approvals or consents of any persons are necessary in connection herewith, and (iii) the execution and delivery of this Agreement by Seller and the consummation by Seller of the transactions contemplated herein have been duly authorized by all requisite corporate action on the part of Seller

c) Identification of FF&E and Leasehold Improvements Schedule 3 to this Agreement contains a schedule of all leasehold improvements at the Restaurants Purchaser has personally inspected the Restaurants and has personal knowledge as to the completeness and accuracy of such schedule as well as the FF&E used in the operation of the Restaurants

d) Alcoholic Beverage Licenses Attached hereto as Schedule 4 is a true copy of all current Alcoholic Beverage Licenses covering the operation of the Restaurants Seller is the sole and exclusive holder of the Alcoholic Beverage Licenses Seller is not in violation of the Alcoholic Beverage Control Act

e) Contracts Attached hereto as Schedule 5 is a true and complete description of all existing or pending agreements that relate to the Assets or operation of the Restaurants, other than the Premises Leases, or any contracts listed on any other schedule hereto

f) Employees Attached hereto as Schedule 6 is a true and complete list of all employees engaged in the operation of the Restaurants

g) Title to Assets Seller has marketable title to the Assets, all of which are free and clear of any restrictions or conditions to transfer or assignment and free and clear of liens, unless specifically listed on Schedule 7 attached hereto and describing each encumbrance with relation to specific assets, and giving the name and address of the entity holding the encumbrance, the amount owed and payment terms All Inventory has been fully paid for and is not subject to any conditional sales contract, consignment or encumbrances whatsoever, nor does any third party have any interest or claim thereto

h) Condition of Assets Except for ordinary wear and tear, all of the Assets are in reasonable operating condition and repair, adequate for the uses to which they are being put in connection with the operation of the Restaurants, and not presently in need of maintenance or repairs except for ordinary and routine maintenance and repairs, and they will continue to be so maintained by Seller through the Closing Date Property and excise taxes for the Assets have been fully paid for all tax years of Seller, except for any installment not yet due and payable with respect to the current tax year

i) Compliance with Laws The operation of the Restaurants by Seller, Seller's occupancy of the premises thereof, and the condition and use of the Assets, do not violate any applicable federal, state or local statutes, laws, ordinances or regulations

j) Real Property Attached hereto as Schedule 2 is a description of the real property leases, amendments thereto and related documents used in connection with the operation of each of the Restaurants (the "Premises Leases") Copies of the Premises Leases have been delivered to Purchaser There does not exist any default or event that, with notice or lapse or time, or both, would constitute a default under any of the Premises Leases

k) Litigation Other than those matters disclosed in writing to Purchaser, there is no suit, action, arbitration or legal, administrative or other proceeding or government investigation pending or, to the best knowledge of Seller, threatened against or affecting the Assets, or any of them, or the operating of the Restaurants

9 REPRESENTATIONS AND WARRANTIES OF PURCHASER

Purchaser represents and warrants that

a) Corporate Existence and Organization Purchaser is a _______________ corporation duly organized, validly existing and in good standing under the laws of the State of ___________ and is in good standing in the State of ___________ as a foreign corporation, if applicable, and has all requisite power and authority to own, lease or otherwise hold its properties and assets

b) Authority Purchaser has full corporate power and authority to enter into this Agreement, to consummate the transactions contemplated hereby, and to perform its obligations hereunder The execution and delivery of this Agreement by Purchaser and the consummation by Purchaser of the transactions contemplated herein have been authorized by all requisite corporate action on the part of Purchaser

10 CONDITIONS PRECEDENT TO OBLIGATIONS OF SELLER

The obligations of Seller to consummate the transactions provided for in this Agreement are subject to the satisfaction at or before the Closing of each of the conditions set out below in this Section 10

a) Representations and Warranties All representations and warranties of Purchaser contained in this Agreement shall be true and correct in all material respects as of the Closing Date as if made on and as of such date

b) Deposits and Performance by Purchaser Purchaser shall have made all deposits required by Section 4c hereof and performed, satisfied and complied with all covenants, agreements and conditions required by this Agreement and the escrow instructions to be performed or complied with by Purchaser on or before the Closing Date

c) Consent of Landlords The Landlord under each Lease of a Restaurant shall have executed and delivered to the Escrow Holder for delivery to Purchaser the Landlord's Consent to the Sublease

d) Closing Certificate Purchaser shall have delivered a certificate signed by Purchaser, dated as of the Closing Date (in form as set forth herein as Exhibit I), certifying that all the representations and warranties contained in Section 9 hereof remain true and correct on such date and that all of the Closing conditions specified in this Agreement have been satisfied

11 CONDITIONS PRECEDENT TO OBLIGATIONS OF PURCHASER

The obligations of Purchaser to consummate the transactions provided for in this Agreement are subject to the satisfaction at or before the Closing of each of the conditions set out below in this Section 11

a) Representations and Warranties All representations and warranties of Seller contained in this Agreement shall be true and correct in all material respects as of the Closing Date as if made on and as of such date

b) Performance by Seller Seller shall have made all deposits required by Section 4 hereof and performed, satisfied and complied with all covenants, agreements and conditions required by this Agreement and the escrow instructions to be performed or complied with by Seller on or before the Closing Date

c) No Loss or Damage During the period from the date of this Agreement to the date Purchaser takes possession of the Assets, none of the Assets shall have sustained any material loss or damage, nor shall the Premises have sustained any material loss or damage, whether or not insured

d) Leases Purchaser shall have received complete copies of the existing Premises Lease and amendments for the Restaurants

e) Closing Certificate Seller shall have delivered a certificate signed by Seller, dated as of the Closing Date (in form as set forth herein as Exhibit J), certifying that all the representations and warranties contained in Section 8 hereof remain true and correct on such date and that all of the Closing conditions specified in this Agreement have been satisfied

12 **INDEMNITY.**

a) Seller's Indemnity Effective on the Closing Date and for a period of 12 months from the Closing Date, Seller hereby agrees to indemnify, defend and hold harmless Purchaser against and in respect of any and all claims, demands, losses, costs, expenses, obligations, liabilities, damages, recoveries and deficiencies, including interest, penalties and reasonable attorneys' fees and court costs, that Purchaser shall incur or suffer, which arise, result from, or relate to (1) any breach of, or failure by Seller to perform, any of Seller's representations, warranties, covenants or agreements in this Agreement or in any schedule, certificate, exhibit or other instrument furnished or to be furnished by Seller under this Agreement, (2) any alleged tort, breach of contract or other wrongdoing or cause of action or claim relating to or arising out of operation of the Assets or the Restaurants by Seller on or before the Closing Date, except as otherwise provided in the Management Agreement, if the parties have entered into a Management Agreement, and (3) any action by a third party such as a vendor, taxing authority or contracting party with Seller, who names Purchaser as a party defendant as a result of this Agreement for which Purchaser has assumed no liability or obligation to such third party

b) Purchaser's Indemnity Effective on the Closing Date and for a period of 12 months from the Closing Date, Purchaser hereby agrees to indemnify, defend and hold harmless Seller, against and in respect of any and all claims, demands, losses, costs, expenses, obligations, liabilities, damages, recoveries and deficiencies, including interest, penalties and reasonable attorneys' fees and court costs, that the Seller shall incur or suffer, which arise, result from or relate to (1) any breach of, or failure by Purchaser to perform, any of Purchaser's representations, warranties, covenants or agreements in this Agreement or in any schedule, certificate, exhibit or another instrument furnished or to be furnished by Purchaser under this Agreement, and (2) any alleged tort, breach of contract or other wrongdoing or cause of action or claim relating to or arising out of the operation of the Assets or the Restaurants by Purchaser after the Closing Date

13 **TAXES**

Any sales and use taxes applicable to the conveyance and transfer to Purchaser of the Assets shall be borne and paid for solely by Purchaser Real property taxes and business personal property taxes for the ________ tax year with regard to the Assets shall be prorated as of the Closing Date Except as may be otherwise provided in the Management Agreement, Purchaser shall have no responsibility or liability for any business, occupation, withholding or similar tax, or for taxes of any other kind or type on the operation of the Restaurant related to any period prior to the Closing Date

14 **MISCELLANEOUS PROVISIONS**

a) Expenses Except as otherwise provided in this Agreement, each party hereto shall pay its own expenses incidental to the origination, negotiation and execution of this Agreement and the consummation of the transactions contemplated hereby

b) Schedules and Exhibits Each of the schedules and exhibits attached hereto are incorporated herein and made a part hereof for all purposes

c) Amendments or Waivers Except as otherwise specifically stated herein, any provision of this Agreement may be amended by, and only by, a written agreement executed by Purchaser, on the one hand, and Seller, on the other Either party may extend the time for or waive the performance of any obligation of the other party, waive any inaccuracies in the representations or warranties of the other party, or waive compliance by the other party with any of the terms and conditions contained in this Agreement, provided, however, that each and every such extension or waiver shall be in writing and that any such waiver shall not be deemed to be a waiver of any subsequent or other breach

d) Further Assurances From and after the Closing Date, the parties shall, upon request, cooperate with one another by furnishing any additional information, executing and delivering any additional documents and instruments, and taking any other actions as may reasonably be required by the parties or their respective counsel to consummate or otherwise implement the transactions provided for in this Agreement Each party shall notify the other of any change of address as specified in subparagraph (g) of this section

e) Successors and Assigns This Agreement shall apply to, and inure to the benefit of, and be binding upon and enforceable against the parties hereto and their respective successors, assigns, personal representatives, heirs, legal representatives and other permitted assigns

f) Governing Law This Agreement, and the rights and obligations of the parties hereto shall be governed by and construed in accordance with the laws of the State of California

g) Notices Any notice, demand, approval, consent, request, waiver or other communication which may be given or which is required to be given pursuant to this Agreement shall be in writing and shall be deemed given on the earlier of the day actually received or on the close of business on the third business day following the date deposited in the United States mail, postage pre-paid, addressed to the party at the address set forth after its respective name below, or at such different address as such party shall have theretofore advised the other party of in writing, with copies sent to the persons indicated

If to Seller ______________________
25910 Acero Drive, Suite 350
Mission Viejo, CA 92691
Attn Legal Department

With copies to ______________________
____
____

If to Purchaser ______________________
____
____

With copies to ______________________
____
____

h) Invalid Provisions If any provision hereof shall be held to be illegal, invalid or unenforceable under present or future laws, such provision shall be fully severable, this Agreement shall be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part hereof and the remaining provisions hereof shall remain in full force and effect and shall not be affected by the illegal, invalid or unenforceable provision or by its severance therefrom In lieu of such illegal, invalid or unenforceable provision, there shall be added automatically as a part hereof a provision as similar in terms to the illegal, invalid or unenforceable provision as may be possible and, at the same time, be legal, valid and enforceable

i) Entirety of Agreement This Agreement (including exhibits, schedules and agreements referenced herein) and any other agreements and instruments delivered at the Closing (or after the Closing pursuant hereto) contain the entire and final Agreement between the parties No representations, inducements, promises or agreements, whether oral or otherwise, which are not embodied herein or therein shall be of any force or effect All preceding or contemporaneous agreements, whether oral or written, are hereby superseded by this Agreement, and this Agreement shall govern in all respects This Agreement may only be modified or amended by a written agreement executed by all of the parties to this Agreement

j) No Commission or Finder's Fee Seller and Purchaser each represent that they have retained no broker finder or agent, and that no brokerage, finders or similar fee or commission has been incurred by either of them in connection with the transactions provided for in this Agreement Seller, on the one hand, and Purchaser, on the other, hereby agree to indemnify and hold harmless the other party from any brokerage, finders' or similar fee or commission incurred by such party in connection with the transaction contemplated by this Agreement

k) Counterparts, Effectiveness This Agreement may be executed in counterparts, each of which shall be deemed an original for all purposes and all of which shall be deemed, collectively, one Agreement This Agreement shall become effective when executed and delivered by all parties thereto

l) Confidentiality Seller and Seller's officers, directors, employees, agents and other representatives shall refrain from publicizing in any manner, and shall hold in strict confidence, the terms and conditions of this Agreement, except to the extent such information may be required to be provided to any taxing authority Seller waives any cause of action, right or claim arising out of the access of Purchaser or its representatives to any trade secrets or other confidential information of Seller from the date of this Agreement until the Closing Date, except from the intentional competitive misuse by Purchaser of such trade secrets or other confidential business information if the Closing does not take place

m) Parties in Interest Nothing in this Agreement, whether expressed or implied, is intended to confer any rights or remedies under or by reason of this Agreement on any persons or entities other than the parties hereto, and their respective successors and assigns, nor is anything in this Agreement intended to relieve or discharge the liability or obligation of any third persons or any party to this Agreement or give any third persons any right of subrogation or action over or against any party to this Agreement The rights and

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US 48938495 02

obligations under this Agreement shall not be assigned by a party except with the written consent of the other party

n) Attorneys' Fees If any legal action or other proceeding is brought for the enforcement of this Agreement, or because of any alleged dispute, breach, default or misrepresentation in connection with any of the provisions of this Agreement, the successful or prevailing party shall be entitled to recover reasonable attorneys' fees and other costs incurred in such action or proceeding, in addition to any other relief to which such party may be entitled

o) Survival of Representations and Warranties For twelve months following the Closing Date, the representations, warranties, covenants, agreements, statements and certifications made herein by the parties hereto shall survive the Closing and shall not in any manner be, or be deemed to be, waived or otherwise affected by (a) any investigation or examination by or on behalf of Purchaser or Seller, (b) any notice of breach of, or failure to perform, any such representations, warranties, covenants, agreements, statements and certifications made herein, or lack of such notice, or (c) the making of any representation or warranty

p) Construction

i) Wherever the context so requires, each term stated in either the singular or the plural shall include the singular and the plural, and pronouns stated in either the masculine, the feminine or the neuter gender shall include the masculine, feminine, and neuter

ii) Words such as "herein," "hereinafter," "hereof", "hereto" and "hereunder", refer to this Agreement, unless the context indicates otherwise

iii) Although Purchaser has caused this Agreement to be prepared, Seller waives any right to require that any ambiguity or question about the terms or meaning of the terms of this Agreement be construed against Purchaser

iv) Paragraph headings contained in this Agreement are inserted only as a matter of convenience and in no way define, limit or extend the scope or intent of this Agreement or any of its provisions

v) The definitions contained in this Agreement shall be used to interpret this Agreement

q) Time of Essence Time is of the essence of this Agreement and of each provision

r) Informed Consent, Advice of Counsel Each party to this Agreement certifies that

i) THE PARTY HAS READ AND FULLY UNDERSTANDS THE AGREEMENT,

ii) THE PARTY UNDERSTANDS ITS RIGHT TO HAVE THE AGREEMENT REVIEWED BY LEGAL COUNSEL OF THE PARTY'S CHOICE FOR ADVICE AND COUNSELING CONCERNING THE PARTY'S RIGHTS AND OBLIGATION UNDER THE AGREEMENT, AND THAT PRIOR TO SIGNING THIS AGREEMENT HAS EITHER SOUGHT SUCH COUNSEL OR HAS KNOWINGLY WAIVED ITS RIGHT TO DO SO

s) Effectiveness of this Agreement This Agreement shall become effective when the last of the conditions precedent set forth herein has been satisfied Except as provided in 14(c), this Agreement shall cease to be effective if the Closing has not occurred on or before ________________

\\\

\\\

IN WITNESS WHEREOF, the parties hereto have executed this Agreement, or caused it to be executed by duly authorized representatives, as of the date first above written

SIGNATURES

PURCHASER·

____

By __________________________

Name

Title

SELLER

____

By __________________________

Name

Title

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US 48938495 02

SCHEDULE 1

SIZZLER RESTAURANTS

[Agreement, Recital A]

[List restaurant numbers, locations and addresses]

Seller's initials ______
Purchaser's initials ______

SCHEDULE 2

PREMISES LEASES

[Agreement, ¶2(a)]

Restaurant #__________

[Identify title of agreement, parties to agreement, date of agreement, and lease term]

Seller's initials ______
Purchaser's initials ______

SCHEDULE 3

LEASEHOLD IMPROVEMENTS

[Agreement, ¶1(a) 8(c)]

[For each restaurant, identify leasehold improvement]

Seller's initials ______
Purchaser's initials ______

<u>**SCHEDULE 4**</u>

ALCOHOLIC BEVERAGE LICENSES

[Agreement ¶1(d), 8(d))

Seller's initials ______
Purchaser's initials ______

SCHEDULE 5

EXISTING AND PENDING AGREEMENTS

[Agreement, ¶8(e)]

Purchaser assumes liabilities under such of the Premises Leases that are being assigned to Purchaser

Seller's initials ______
Purchaser's initials ______

SCHEDULE 6

LIST OF EMPLOYEES

[Agreement, ¶8(f)]

Seller's initials ______
Purchaser's initials ______

SCHEDULE 7

ENCUMBRANCES ON ASSETS

[Agreement, ¶8(g)]

Seller's initials ______
Purchaser's initials ______

EXHIBIT A

SUBLEASE

[Attach]

Seller's initials ______
Purchaser's initials ______

EXHIBIT B

PROMISSORY NOTE

[Attach]

Seller's initials ______
Purchaser's initials ______

EXHIBIT C

SECURITY AGREEMENT

[Agreement]

EXHIBIT D

ALLOCATION OF PURCHASE CONSIDERATION

Improvements	$__________
Equipment	$__________
Inventory	$__________
Licenses	$__________
Change Fund	$__________
Miscellaneous Personal Property	$__________
Other, goodwill	$__________
TOTAL	$__________

Seller's initials ______

Purchaser's initials ______

EXHIBIT E

BILL OF SALE

[Restaurant No ___]

_______________________________, a _________________________ with its general place of business located at ____ (hereinafter referred to as "Seller"), in and for a valuable consideration paid by __________________________, a _____________________, having its general place of business located at _______________ _____________________________________ (hereinafter referred to as "Purchaser"), to Seller, the receipt and sufficiency of which is hereby acknowledged, does hereby grant, bargain, sell, transfer and deliver to Purchaser to have and to hold the same unto Purchaser, its successors and assigns forever, all of the personal property identified on the attached Exhibit A, which by this reference is made a part hereof, said personal property consists of restaurant furniture, fixtures, equipment and other property (hereinafter referred to as "Personal Property") located within the premises commonly known as ____

Seller covenants and agrees to and with Purchaser, its successors and assigns, that (i) Seller is the owner of all of the Personal Property set forth on the attached Exhibit A, (ii) Seller has the right to sell said Personal Property, (iii) the Personal Property is free and clear of all encumbrances except those that have been assumed by Purchaser, and (iv) Seller warrants and agrees to use its best efforts to defend the title of said Personal Property against all lawful claims and demands

IN WITNESS WHEREOF, this Bill of Sale was executed to become effective the ______ day of _____________, _____ at ________,_____________

SELLER

By ______________________________

Its ______________________________

By ______________________________

Its ______________________________

Seller's initials ______
Purchaser's initials ______

EXHIBIT F

GUARANTY OF FRANCHISE AGREEMENT

[Attach]

Seller's initials ______
Purchaser's initials ______

EXHIBIT G

GUARANTY OF LEASE / SUBLEASE

[Attach]

Seller's initials ______
Purchaser's initials ______

EXHIBIT H

GUARANTY OF NOTE

[Attach]

Seller's initials ______
Purchaser's initials ______

EXHIBIT I

SELLER'S AND PURCHASER'S CLOSING CERTIFICATES

[To be provided by Seller and Purchaser]

PURCHASER'S CLOSING CERTIFICATE

________[Name of Purchaser]_______

RE Representations and Warranties

Purchaser, ____________________, a __________________, by its duly authorized representative, does hereby certify

1 Purchaser has entered into an Agreement for Purchase and Sale of Assets dated ________________________ (hereinafter referred to as the "Agreement") for the purchase of certain assets of the following restaurants doing business under the name "Sizzler" from Sizzler ________________________ (hereinafter referred to as "Seller")

(hereinafter, collectively, the "Restaurants")

2 All of Purchaser's representations and warranties contained in Section 9 of the Agreement remain true and correct as of this date, and all Purchaser's closing conditions specified in the Agreement have been satisfied

Executed in the City of ____________, State of _____________, on ____________, 20___

****

By ________________________________
Name ______________________________
Title _______________________________

Seller's initials ______
Purchaser's initials ______

SELLER'S CLOSING CERTIFICATE

________[Name of Seller]_______

RE Representations and Warranties

Seller, ____________________, a __________________, by its duly authorized representative, does hereby certify

1 Seller owns, operates and has leasehold interests in the following restaurants doing business under the "Sizzler" name

(hereinafter, the "Restaurants") and has entered into an Agreement for Purchase and Sale of Assets dated _______________________ (hereinafter referred to as the "Agreement") for the sale of certain assets of the Restaurants to _______________________ (hereinafter referred to as "Purchaser")

2 All of Seller's representations and warranties contained in Section 8 of the Agreement remain true and correct as of this date, and all Seller's closing conditions specified in the Agreement have been satisfied

Executed in the City of ____________, State of _____________, on ___________, 20__

****

By ________________________________
Name ______________________________
Title ______________________________

Seller's initials ______
Purchaser's initials ______

<u>EXHIBIT H</u>

Table of Contents to Manual

Sizzler®

Where America Comes to Eat℠

STANDARDS OF OPERATIONS

INTRODUCTION

This manual will provide the fundamental standards required for the operation of a Sizzler restaurant It is to be used in conjunction with all other supplements provided by Sizzler USA or related to the operations, including but not limited to, all training materials and manuals, food and beverage recipes, revision notices, all communications directed from the operations leadership, and all material included on the Sizzler USA Extranet

Sizzler USA has developed and will continue to develop uniformed standards of quality, cleanliness, and service regarding the business operations of the restaurant This manual will provide the Standards of Operations and will be used as a resource for your operation Due to the variation we have in many of our restaurants based on layout, size equipment or state/county codes there will be some information that may not apply to your operation Refer to your Sizzler USA Business Partner for clarification on any information that may not apply to your restaurant

TABLE OF CONTENTS

EXHIBIT I

Form of Release Agreement

FORM OF RELEASE AGREEMENT
(Subject to Change by Sizzler USA Franchise, Inc)

For and in consideration of the agreements and covenants described below, Sizzler USA Franchise, Inc ("SIZZLER") and ("Franchisee") enter into this Release of Claims ("Agreement")

RECITALS

A SIZZLER and Franchisee entered into a SIZZLER® Franchise Agreement dated __________, ___________

B [NOTE Describe the circumstances relating to the release]

C Subject to and as addressed with greater specificity in the terms and conditions set forth below, SIZZLER and Franchisee now desire to settle any and all disputes that may exist between them relating to the Franchise Agreement

AGREEMENTS

1 **Consideration** [NOTE Describe the consideration paid]

2-3 [NOTE Detail other terms and conditions of the release]

4 **Release of Claims by SIZZLER Release of Claims by SIZZLER** Except as noted in this Section 4, and subject to your compliance with the terms and conditions of this Agreement, including the payment of $______ to SIZZLER, SIZZLER, for itself, its predecessors, parents, successors, assigns, affiliates, directors, officers, shareholders, and employees (collectively and individually referred to as the "Franchisor Parties"), hereby release and forever discharge Franchisee, its heirs, successors and assigns, affiliates, directors, officers and shareholders, and any other party claiming an interest through them (collectively and individually referred to as the "Franchisee Parties") from any and all claims, debts, liabilities, demands, obligations, costs, expenses, actions and causes of action, whether known or unknown, vested or contingent, which you may now or in the future own or hold, that in any way relate to the Franchise Agreement (collectively, "Claims"), for known or unknown damages or other losses including but not limited to, any alleged violations of any deceptive or unfair trade practices laws, franchise laws, or other local, municipal, state, federal, or other laws, statutes, rules or regulations, and any alleged violations of the Franchise Agreement or any other related agreement between you and Franchisor or your affiliate and Franchisor

The Franchisor Parties do not release the Franchisee Parties from any obligations arising by virtue of this Agreement and the Franchisee Parties' failure to comply with those obligations Further, the Franchisor Parties do not release the Franchisee Parties from any Claims related to Franchisee's (i) indemnification obligations under Section ___ of the Franchise Agreement, (ii) non-disclosure obligations under Section ___ of the Franchise Agreement, and (iii) post-termination non-compete obligations under Section __ of the Franchise Agreement, each of which remain in full force and effect and are incorporated by reference in this Agreement

5 **Release of Claims by Franchisee** In consideration of the other terms and conditions of this Agreement, the receipt and sufficiency of which is hereby acknowledged, the Franchisee Parties release and forever discharge the Franchisor Parties of and from any and all Claims, for known or unknown damages or other losses including but not limited to, any alleged violations of any deceptive or unfair trade practices laws, franchise laws, or other local, municipal, state, federal, or other laws, statutes,

rules or regulations, and any alleged violations of the Franchise Agreement or any other related agreement between you and Franchisor or your affiliate and Franchisor

The Franchisee Parties do not release the Franchisor Parties from any obligations arising by virtue of this Agreement and the Franchisor Parties' failure to comply with those obligations

6 **Acknowledgment** The releases of Claims set forth in Section 4 and Section 5 are intended by the Franchisor Parties and the Franchisee Parties (collectively, the "Parties") to be full and unconditional general releases, as that phrase is used and commonly interpreted, extending to all claims of any nature, whether or not known, expected or anticipated to exist in favor of the one of the Parties against the other Party regardless of whether any unknown, unsuspected or unanticipated claim would materially affect settlement and compromise of any matter mentioned herein In making this voluntary express waiver, the Parties acknowledge that claims or facts in addition to or different from those which are now known to exist with respect to the matters mentioned herein may later be discovered and that it is the Parties' respective intentions to hereby fully and forever settle and release any and all matters, regardless of the possibility of later discovered claims or facts This Release is and shall be and remain a full, complete and unconditional general release The Parties further acknowledge and agree that no violation of this Agreement shall void the releases set forth in this Agreement

7 **Reservation of Claims Against Non-Settling Parties** Sizzler USA Franchise, Inc and Franchisee expressly reserve their right and claims against any non-settling persons, firms, corporations, or other entities for whatever portion or percentage their damages are found to be attributable to the wrongful conduct of said non-settling parties

8 **Entire Agreement** This Agreement constitutes the entire agreement between the parties relative to the subject matter contained herein, and all prior understandings, representations and agreements made by and between the parties relative to the contents contained in this Agreement are merged into this Agreement

9 **Voluntary Nature of Agreement** The parties acknowledge and agree that they have entered into this Agreement voluntarily and without any coercion The parties further represent that they have had the opportunity to consult with an attorney of their own choice, that they have read the terms of this Agreement, and that they fully understand and voluntarily accept the terms

10 **Governing Law and Jurisdiction** This Agreement will be construed and enforced in accordance with the law of the state of ____________

11 **Attorneys' Fees** All rights and remedies under this Agreement shall be cumulative and none shall exclude any other right or remedy allowed by law In the event of a breach of this Agreement that requires one of the parties to enforce the terms and conditions of this Agreement, the non-prevailing party shall pay the prevailing party's attorneys' fees and costs incurred by reason of the breach

Dated ______________,20__

SIZZLER USA FRANCHISE, INC

____

By ____________________________

Its ____________________________

Dated ______________,20__

FRANCHISEE

____

____

By ____________________________

Its ____________________________

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EXHIBIT J

State Addenda

ADDENDUM TO
SIZZLER®
DISCLOSURE DOCUMENT FOR THE
STATE OF CALIFORNIA

The following information applies to franchises and franchisees subject to the California Franchise Investment Act Item numbers correspond to those in the main body

THE CALIFORNIA INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT AT www dbo ca gov

Item 3

Item 3 is amended to provide that neither we nor any other person identified in Item 2 is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934 15 U S C A 78a et seq , suspending or expelling such persons from membership in such association

Item 5

Item 5 is amended to provide that payment of the Initial Franchise Fee and the Development Fee are deferred until we have fulfilled our pre-opening obligations to you and your first Restaurants opens to the public

Item 6

Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable

Item 17

1 California Business & Professions Code Sections 20000 through 20043 provide rights to you concerning termination, transfer or nonrenewal of a franchise If the franchise agreement contains a provision that is inconsistent with the law, the law will control

2 Termination of the franchise agreement by us because of your insolvency or bankruptcy may not be enforceable under applicable federal law (11 U S C A 101 et seq)

3 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

4 The Franchise Agreement requires binding arbitration The arbitration will occur at Los Angeles, California or at such other place as may be mutually agreeable to the parties with the costs being borne by each party unless it is determined that you are the prevailing party in which case you will be entitled to attorneys' fees and costs 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 the Franchise Agreement restricting venue to a forum outside the State of California

ADDENDUM TO
SIZZLER®
DISCLOSURE DOCUMENT FOR THE
<u>STATE OF ILLINOIS</u>

Illinois law governs the agreements between the parties to this franchise

Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement that designates jurisdiction or venue outside the State of Illinois is void However, a franchise agreement may provide for arbitration outside of Illinois

Section 41 of the Illinois Franchise Disclosure Act provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void

Your rights upon termination and non-renewal of a franchise agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act

Payment of the initial franchise fee shall be deferred until Franchisor has satisfied its pre-opening obligations to Franchisee and Franchisee has commenced doing business The Illinois Attorney General's Office imposed this deferral requirement due to Franchisor's financial condition

ADDENDUM TO
SIZZLER®
DISCLOSURE DOCUMENT FOR THE
STATE OF WASHINGTON

The state of Washington has a statute, RCW 19 100 180 which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise

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

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

A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, rights or remedies under the Act such as a right to a jury trial may not be enforceable

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

The State of Washington has imposed a financial condition under which the initial franchise fees due will be deferred until the franchisor has fulfilled its initial pre-opening obligations under the Franchise Agreement and the franchise is open for business Because the Franchisor has material pre-opening obligations with respect to each franchised business the Franchisee opens under the Area Development Agreement, the State of Washington will require that the franchise fees be released proportionally with respect to each franchised business

<u>EXHIBIT K</u>

Receipt

RECEIPT

This Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language Read this Disclosure Document and all agreements carefully

Except as noted below, if Sizzler USA Franchise, Inc offers you a franchise, we must provide this Disclosure Document to you at the earlier of 14 calendar days before you sign a binding agreement or payment of consideration to us

If Sizzler USA Franchise, Inc offers you a franchise in New York, we must provide this Disclosure Document to you at the earlier of the first personal meeting or 10 business days before the signing of a binding agreement or payment of any consideration to us

If Sizzler USA Franchise, Inc offers you a franchise in Iowa or Michigan, we must provide this Disclosure Document to you at least 10 business days before the execution of any binding agreement or payment of any consideration to us, whichever comes first

If we do not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D C , 20580 and the State Agency referred to in Exhibit A

The name, principal business address and telephone number of each franchise seller offering the franchise Forbes Collins, 25910 Acero Drive, Suite 350, Mission Viejo, California 92691, (949) 491-8402, and ______________________________

____

____

Issuance Date August 16, 2019

I received a Franchise Disclosure Document dated August 16, 2019 (effective dates are disclosed on the state cover page) This Disclosure Document included the following Exhibits A) List of State Agencies and Agents for Service of Process, B) Financial Statements, C) Franchise Agreement, D) Area Development Agreement, E) List of Current and Former Restaurant Locations, F) Form of Sublease Agreement, G) Form of Asset Purchase Agreement, H) Table of Contents to Manual, I) Form of Release Agreement, J) State Addenda, and K) Receipt

Date ______________________ Signed ______________________________

Print Name ______________________________

Address ______________________________

City ____________________ State ______________

Phone (   ) ____________________ Zip______________

Date ______________________ Signed ______________________________

Print Name ______________________________

Address ______________________________

City ____________________ State ______________

Phone (   ) ____________________ Zip______________

Copy for Franchisee

RECEIPT

This Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language Read this Disclosure Document and all agreements carefully

Except as noted below, if Sizzler USA Franchise, Inc offers you a franchise, we must provide this Disclosure Document to you at the earlier of 14 calendar days before you sign a binding agreement or payment of consideration to us

If Sizzler USA Franchise, Inc offers you a franchise in New York, we must provide this Disclosure Document to you at the earlier of the first personal meeting or 10 business days before the signing of a binding agreement or payment of any consideration to us

If Sizzler USA Franchise, Inc offers you a franchise in Iowa or Michigan, we must provide this Disclosure Document to you at least 10 business days before the execution of any binding agreement or payment of any consideration to us, whichever comes first

If we do not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D C , 20580 and the State Agency referred to in Exhibit A

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____

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Date ______________________ Signed ______________________________

Print Name ______________________________

Address ______________________________

City ______________________ State ____________

Phone ( ) ______________________ Zip____________

Date ______________________ Signed ______________________________

Print Name ______________________________

Address ______________________________

City ______________________ State ____________

Phone ( ) ______________________ Zip____________

Copy for Sizzler USA Franchise, Inc