

FRANCHISE DISCLOSURE DOCUMENT

Thirsty Joe's Franchising, LLC
A Virginia limited liability company
3300 W Cary St , Richmond VA 23221
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Franchise@thirstyjoesdrafthouse.com



Thirsty Joe's Draft House, LLC, or Thirsty Joe'sTM offers a franchise program to operate fast casual restaurants featuring U-Pour draft technology, along with a specialized menu

The total investment necessary to begin operation of a Thirsty Joe's Draft House® franchise is \$296,500 to \$564,000. This includes \$80,000 to \$130,000 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 Derek Cha, 3300 W Cary St., Richmond, VA 23221 at (804) 874-8440.

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

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

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

Issuance date April 18, 2018

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 to this Disclosure Document 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 MEDIATION OR LITIGATION ONLY IN VIRGINIA. OUT-OF-STATE MEDIATION OR LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO MEDIATE OR LITIGATE WITH US IN VIRGINIA THAN IN YOUR OWN STATE.

2. THE FRANCHISE AGREEMENT STATES THAT VIRGINIA LAW GOVERNS THE AGREEMENT. AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.

3. 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 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 next page for 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

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

California

Virginia

**MICHIGAN ADDENDUM
TO THE DISCLOSURE DOCUMENT**

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

- (a) A prohibition on the right of a franchisee to join an association of franchisees
- (b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims
- (c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure
- (d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment fixtures and furnishings Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation This subsection applies only if (i) The term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark service mark, trade name, logo type, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise
- (e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances This section does not require a renewal provision
- (f) A provision requiring that arbitration or litigation be conducted outside this state This shall not preclude the franchisee from entering into an agreement, at the time of arbitration to conduct arbitration at a location outside this state
- (g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise except for good cause This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise Good cause shall include, but is not limited to
 - (i) The failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards
 - (ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor,
 - (iii) The unwillingness of the proposed transferee to agree in writing

to comply with all lawful obligations (iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer

(h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c)

(i) A provision which permits the franchisor to directly or indirectly convey, assign, or otherwise transfer its obligation to fulfill contractual obligations to the franchisee unless provision has been made for providing the required contractual services

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

Any questions regarding this notice should be directed to Department of the Attorney General's Office Consumer Protection Division Franchise Section, G Mennen Williams Building, 525 W Ottawa Street Lansing, Michigan 48913, telephone number (517) 373-7117

THIS MICHIGAN NOTICE APPLIES ONLY TO FRANCHISEES WHO ARE RESIDENTS OF MICHIGAN OR LOCATE THEIR FRANCHISES IN MICHIGAN

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ITEM 1
THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

To simplify the language in this Disclosure Document “we,” “us,” or “our” means Thirsty Joe’s Draft House LLC the franchisor “You” or “your” means the individuals or business entity, including such entity’s owners, members, officers, and directors, who buy the franchise rights “Franchise Agreement” means our Thirsty Joe’s Draft House Franchise Agreement, a copy of which is included as Exhibit B to this Disclosure Document

The Franchisor, Parents, Predecessors, and Affiliates

We are a Virginia limited liability company formed on February 12, 2018. Our principal business address is 3300 W Cary St, Richmond, VA 23221

We do not have any parents

We have an affiliate, U-Pour Drafts LLC formed on October 8, 2017 with a principal place of business at 3300 W Cary St Richmond, VA 23221, that offers the U-Pour beer dispensing system that you will offer in your restaurant

We do not have any predecessors during the 10-year period immediately before the close of our most recent fiscal year

We do business under the names “Thirsty Joe’s” and “Thirsty Joe’s Draft House”

Exhibit F contains our agents for service of process

The Franchisor’s Prior Business

We began offering franchises for Thirsty Joe’s Draft House restaurants in April 2018

We have not offered franchises in any other lines of business

We have operated an outlet of the type being franchised since January 2018

The Business the Franchisee Will Conduct

The franchise offered is a Thirsty Joe’s Draft House restaurant. Thirsty Joe’s Draft House restaurants are casual restaurants featuring self-pour draft systems made exclusively by U-Pour LLC along with a dedicated food menu. As our franchisee, you will conduct business under the service mark “Thirsty Joe’s Draft House” and any other identifying marks and symbols that we use now or that we later develop (the “Proprietary Marks”), and use our unique system for the establishment, development and operation of a Restaurant (the “System”). The System includes our proprietary information such as our confidential Standard Operating Procedures Manuals (the “Manuals”), the Proprietary Marks, trade dress, design, decor, image lay-out, knowhow, trade secrets, formulas, recipes, menu processes, formats, procedures, standards, specifications,

equipment market analysis, sales and merchandising methods, training of franchisees and restaurant personnel, quality assurance systems, advertising techniques, record keeping and business management

As part of our application process you must complete an application and successfully pass a financial credit check. You may also be asked to successfully complete a test of basic competency in the English language, an operations interview, and a criminal background check.

The General Market

The market for restaurant services is extremely well established. The goods will be sold to individuals and families both during work hours and leisure time. Sales are year round.

Industry Specific Laws

You must comply with all local, state and federal laws applicable to restaurants, including licensing, health sanitation, smoking, safety, fire and other matters and food and safety regulations. Various federal and state agencies, including the U.S. Food and Drug Administration and the U.S. Department of Agriculture and state and local health and sanitation agencies have regulations for the preparation of food and the condition of restaurant facilities. The Clean Air Act and state implementing laws also may require certain geographic areas to attain and maintain certain air quality standards for ozone, carbon monoxide and particulate matters. As a result, businesses involved in commercial food preparation may be subject to caps on emissions.

Some states may require franchisees to obtain restaurant business, occupational food products and miscellaneous licenses. You also may have to obtain health licenses and to comply with health laws and regulations that apply to restaurant and food product establishments. In addition, you will need to comply with certain federal, state and local laws and regulations relating to the labeling that is included on your menus, menu boards, and related materials.

You must ensure that your point-of-sale system ("POS System") or your credit card processing terminals (whichever are responsible for processing credit card transactions) are in compliance with the most current Payment Card Industry (PCI) standards. This currently includes, at a minimum, completing required assessments by the credit card associations, performing quarterly scans of the network, and in some cases may include on-site audits. Please note that if your POS or credit card terminal is compliant, this does not necessarily mean that your business is compliant. Please consult with your credit card provider for information on what is required for your business.

You will also be required to obtain and maintain a liquor license. The requirements for obtaining the availability and cost of, and the state and local regulations on obtaining and maintaining a liquor license vary substantially from state to state and from municipality to municipality. In addition, state "dram shop" laws give rise to potential liability for injuries that are directly or indirectly related to the sale and consumption of alcohol.

You should consult with your attorney about federal, state, and local laws or regulations that may affect your restaurant.

The Competition

You will be in competition with a variety of casual service restaurants casual full-service restaurants, bars and other dining establishments. The restaurant business is highly competitive with respect to concept, price, location, food quality and service. The business is often affected by economic and real estate conditions, political conditions, consumer tastes, population changes, the cost and availability of products and qualified labor and traffic patterns. Restaurants compete in each market with national and regional restaurant chains and locally-owned restaurants.

You may also compete with (i) our wholesale accounts that offer Thirsty Joe's products at retail, such as supermarkets, convenience stores, club stores and other similar retail outlets and (ii) unaffiliated branded restaurants and retail stores that we permit to sell one or more Thirsty Joe's branded products including products that you are likely to sell in your franchised Restaurant and including restaurants and retail stores near your restaurant. You are not entitled to additional rights or compensation in either case.

Franchisee/Industry Contact Lead Referral Program

We will pay a referral fee of \$5,000 to the first of our franchisees or real estate brokers that introduce a new prospective franchisee to us, if we approve the new prospect and we and the prospect sign a Franchise Agreement within 6 months after the referral is made and the prospective franchisee pays us the full \$30,000 initial franchise fee. We will pay this referral fee when the referred prospective franchisee's Franchise Agreement is fully signed and the initial franchise fee is fully paid. A prospective franchisee will not be considered new if the prospective franchisee (including any of the individual owners if the prospective franchisee is an entity) has signed a franchise agreement with any of us previously, and the \$5,000 referral fee will only be paid once in connection with the first franchise agreement signed with us. You must be in full compliance with all Franchise Agreements between you and us in order to receive a referral fee.

ITEM 2 BUSINESS EXPERIENCE

Ki Young ("Derek") Cha, President Derek has served as our President since February 2018. Derek has also served as the President, Chief Executive Officer and a member of the Board of Managers of Zzaam International LLC from March 2014 to the present. Derek was the founder and has previously served as the Chairman and Chief Executive Officer for the Sweet Frog branded franchise system from June 2009 until January 2015 in Richmond, Virginia.

Brian Sullivan, Chief Operations Officer As a part of the initial design and development, Mr. Sullivan has been involved in the development of U-Pour LLC and Thirsty Joe's Draft House since April 2017 and has served as our Chief Operations Officer since February 2018. Mr. Sullivan previously served as Director of Operations and later as COO for Zzaam International from January 2016 to March 2018. From December 2008 to the present, Mr. Sullivan has also served as CEO for Polis Consulting, LLC in Chesterfield, Virginia. Mr. Sullivan comes from a background of nearly 10 years in the restaurant industry.

James Sharon Vice President of Operations Mr Sharon has served as our Vice President of Operations since February 2018 Mr Sharon was previously, and is currently, a founding member/owner of Sweet N Sassy BBQ Company, founded 2011 in Richmond, Virginia Since 2008, Mr Sharon has founded and managed more than 50 beer festivals across Virginia, focused on offering micro-breweries sales opportunities on a large scale

Sam Cielakie Vice President of Supply Mr Cielakie has served as our Vice President of Supply since February 2018 Mr Cielaki began barbecuing professionally in 2005 Since then, he co-founded Sweet 'N Sassy BBQ Company in 2011 SNS has become a professional barbecue competition team, has two restaurant locations and produces their own sauces and rubs, having won multiple awards throughout the Commonwealth of Virginia Mr Cielakie is a graduate of Escoffier School of the Culinary Arts as a professional chef, with a focus on American Barbecue and classic French and American cuisine

Eric Cha General Counsel Eric Cha has served as our General Counsel since February 2018 Mr Cha also served as a Member of the Board of Managers for ZZAAM International, LLC from May 2015 to the present From February 2011 to the present, he has also served as Senior Litigation Counsel to Samsung Electronics in Suwon, South Korea From February 2005 until February 2011, he served as an Attorney for Jones Day in Palo Alto, California

ITEM 3 LITIGATION

Concluded Matters Against Persons Identified in Item 2 of this Disclosure Document

Sweet Frog Stony Brook Inc et al v SweetFrog Enterprises, LLC et al Case No 2 14-cv-02356-JSWDW, United States District Court Eastern District of New York On April 11, 2014, Sweet Frog Stony Brook, Inc and Sweet Frog Babylon, Inc , two sweetFrog franchisees, filed a lawsuit against SFE, SFE, and Derek Cha (the 'sweetFrog Defendants') The plaintiffs asserted claims alleging that, among other things, the sweetFrog Defendants had violated the New York Franchise Sales Act, New York General Business Law § 680, et seq ("NYFSA") by making unauthorized and fraudulent pre-sale financial performance representations and by failing to register the franchise offering with the New York Attorney General prior to entering into franchise agreements with the plaintiffs The plaintiffs demanded damages in excess of \$685 000, rescission of their franchise agreements and recovery of their attorneys' fees The sweetFrog Defendants disputed the plaintiffs' claims but agreed to mediate the dispute Prior to the deadline to answer or otherwise respond to the complaint, on July 29, 2014, the parties entered into an agreement pursuant to which (1) the plaintiffs would attempt to sell their franchised shops and transfer their franchise agreements to any third party(ies) approved by SFF before November 1, 2014 and (2) if the plaintiffs were unable to identify a suitable buyer for their franchised shops by November 1, 2014, the parties agreed to mutual termination of the franchise agreements and that SFF would purchase the equipment from each plaintiff's shop for an agreed price of \$50,000 for each shop The case was dismissed with prejudice on August 6 2014

Tri Star Consulting Group, Inc et al v SweetFrog Enterprises, LLC Derek Cha, et al, Case No 2 14-cv-02228-ADS-AKT, United States District Court, Eastern District of New York On April 9 2014, Tri Star Consulting Group, Inc, a licensee and area developer of SFE ("Tri Star"), and Sweet Frog Hauppauge, Inc a licensee of SFE ("Hauppauge"), filed a lawsuit against SFE, SFF and Derek Cha (collectively the "sweetFrog Defendants") Tri Star asserted claims alleging, among other things, that SFE had breached its license/area development agreement with Tri Star by (a) terminating the license agreement/area development agreement for nonpayment of royalty fees, (b) by licensing SFF the right to sell franchises in its development territory in New York City, and (c) by failing to pay fees allegedly owed to Tri Star related to the operation of franchised sweetFrog locations within Tri Star's development territory Hauppauge asserted claims alleging, among other things, that the sweetFrog Defendants had violated the New York Franchise Sales Act, New York General Business Law § 680, et seq ("NYFSA") and had committed fraudulent and negligent representations by making unauthorized and fraudulent pre-sale financial performance representations and by failing to register the franchise offering with the New York Attorney General prior to entering into franchise agreements with the plaintiffs Tri Star demand damages in excess of \$75 000, a declaration that it was not in default of the license/area development agreement a declaration that SFE was obligated to pay fees to Tri Star based on revenues of all franchised sweetFrog locations in New York City, an order enjoining SFF from selling franchises in New York City, and recovery of its attorneys' fees Hauppauge demanded damages in excess of \$330,000, rescission of its license agreement, and recovery of its attorneys' fees The sweetFrog defendants disputed the plaintiffs' claims but agreed to mediate the dispute Prior to the deadline to answer or otherwise respond to the complaint, on September 9 2014, Tri Star and the sweetFrog Defendants entered into an agreement pursuant to which (1) the parties agreed to mutual termination of Tri Star's license/area development agreement, (2) SFE agreed to pay Tri Star \$19,830 58, (3) SFF agreed to pay Tri Star an ongoing commission equal to 2% of the net sales of all franchised sweetFrog locations in New York City through November 2031 and (4) Tri Star agreed not to operate any competitive business in New York City for so long as SFF was obligated to make commission payments to Tri Star Prior to the deadline to answer or otherwise respond to the complaint, on September 9, 2014 Hauppauge and the sweetFrog Defendants entered into an agreement pursuant to which (1) the parties agreed to mutual termination of Hauppauge's license agreement, and (2) SFE agreed to pay Hauppauge \$75,000 The case was dismissed with prejudice on September 20 2014

Other than these actions no litigation is required to be disclosed in this disclosure document

ITEM 4 BANKRUPTCY

No bankruptcy information is required to be disclosed in this item

ITEM 5 INITIAL FEES

You must pay us an Initial Franchise Fee of \$30,000 when you sign your Franchise Agreement. If you sign a Franchise Agreement and you do not have a location for your Restaurant accepted by us ("Accepted Location"), your Franchise Agreement will identify a trade area that we negotiate with you in which you must locate an Accepted Location.

You must pay our affiliate, U-Pour Drafts LLC a fee of \$50,000 - \$100,000 for a beer dispensing system that you will offer in your restaurant.

We reserve the right to offer to waive the Initial Franchise Fee or reduce it under certain circumstances. In addition, we may allow a new franchisee to apply part of their Initial Franchise Fee to the cost of needed improvements or equipment. We may also abate part or all of the Initial Franchise Fee as an economic incentive for a franchisee to open a certain location with the determination made on a case-by-case review of all the relevant economic factors. We will make the decision on the amount of any waiver or reduction may be based on the condition of the premises and any special incentives that we may consider appropriate. We also may offer to waive or reduce the Initial Franchise Fee, for the following reasons, including (i) as an inducement for existing operators to open additional Restaurants, (ii) as an inducement for someone to reopen a closed Restaurant, (iii) as an inducement for someone to take over an operating franchised Restaurant, (iv) as an inducement for a professional multi-unit operator to open several Restaurants or (v) to allow a franchisee to have additional money to spend on store improvements and marketing during the first 12 months of operation. The amount of any waiver or reduction will be made on an individual basis and may depend on the condition of the premises, the need for upgrades and remodeling, the need for special incentives and/or other considerations.

In certain rare circumstances, we may permit installment payments of the Initial Franchise Fee on terms negotiated with the franchisee.

We will not refund any part of the Initial Franchise Fee paid under the Franchise Agreement.

Except as noted above, you do not pay us or our affiliates any other fees or payments for services or goods before your Restaurant opens.

ITEM 6

OTHER FEES

Type of Fee (See Note 1)	Amount	Date Due	Remarks
Renewal Fee	10% of the then current Initial Franchise Fee	Before we sign renewal Franchise Agreement	Franchise Agreement ("FA") Sec 3 2
Royalty	5% of Net Sales	Payable on or before Friday of each week on the Net Sales for the previous week	See Note 2 for a definition of "Net Sales" FA Sec 4 2
National Advertising Fund ("Ad Fund")	2% of Net Sales	Same as Royalty	Used to advertise and promote the System for the benefit of all the franchisees. We may increase the contribution up to 4% of Net Sales. We also may periodically revise what portion, if any, is allocated to local advertising groups. FA Secs 4 2 and 12 5
Advertising Cooperative Contribution	Not more than 2% of Net Sales	Same as Royalty	Used to advertise and promote the System in your region. Your payments will be determined by you and those other franchisees of the System. FA Secs 4 2 and 12 6
Taxes	Our cost	On invoice	You must pay us all taxes (except our income taxes) we pay for products or services we furnish to you or on our collection of the Initial Franchise Fee, Royalty, and Advertising Contribution from you. FA Sec 4 3

Type of Fee (See Note 1)	Amount	Date Due	Remarks
Advances	Our cost	On invoice	You must pay us all amounts we advance to third parties for you, if any FA Sec 4 3
Electronic Funds Transfer ("EFT") Fee	Our out-of-pocket costs, interest, and an administrative fee of \$35	On invoice	Payable if there are insufficient funds to cover the EFT draft FA Sec 4 4
Net Sales Fee ("NSF")	Our reasonable estimate of your Net Sales payment	As incurred	Payable if you fail to report the Net Sales for any reporting period We have the right to make bank transfers or drafts for Royalty and Advertising Contribution FA Sec 4 4
Past Due Interest	1% per month or maximum interest rate permitted by law	As incurred	You must pay us interest on any amounts past due to us or our affiliates FA Sec 4 5
Our assistance in updating relocation, or reconstruction of your Restaurant	Currently, 40 per hour or \$400 per day, plus our costs	As needed	Payable if you request our services to assist you with updating or relocating your Restaurant FA Sec 4 7
Technology Training	Currently \$40 per hour or \$400 per day, plus our expenses	As incurred	Payable if you obtain training from us You will have a continuing obligation to keep pace with technology You may choose to obtain training from third parties FA Sec 4 8
Electronic Learning Management System	Currently, none We estimate the cost will be \$500 to \$750 - annually	As incurred	Payable to us or third-party vendor We may require you to implement an electronic learning management system for employee training FA Sec 4 9
Relocation Extension Fee	Another Initial Franchise Fee of \$1,500 per year of extension on term	Before we sign relocation Franchise Agreement	If you relocate to a new site and extend the term based on your new lease you must pay to extend the term FA Sec 6 6
Supplier Evaluation Fee	Our then current fee	Upon request	Payable by supplier We will exercise our approval of suppliers reasonably in

Type of Fee (See Note 1)	Amount	Date Due	Remarks
			accordance with the established procedures FA Sec 8 2
Promotions Costs	Cost of production and processing typically \$100-\$500 plus administrative cost of \$75	As incurred	Payable to us and/or third parties We may establish temporary or permanent promotional campaigns You are required to participate in these promotional programs at your own cost, including the costs to purchase lease and install all materials necessary to the promotional campaigns FA Secs 12 7 and 12 8
Local Advertising, Marketing and Promotion Expenditure	Not less than \$1000	Each calendar quarter	The amount that you contribute to your Advertising Cooperative will be credited against this minimum requirement If you fail to make this advertising expenditures, we will have the right to spend an amount not to exceed \$2,000 on local advertising for you, and you must reimburse us for these expenses FA Sec 12 9
Replacement Manager Initial Training Fee	Up to \$1000 per trainee	Before attending training	You pay this fee only if you hire additional managers after your Restaurant opens FA Secs 13 1 B and 13 4
On-Site Training and Assistance	Currently \$50 per hour plus trainers' expenses	On invoice	At any time, you can request on-site training and assistance above that which we must provide We have no obligation to provide on-site training or assistance FA Secs 13 2 and 13 4
Convention/Additional Training Fee	Convention or Training fee	Before attending Convention or Training	We may from time to time conduct conferences conventions, programs or training sessions on any matters related to the System

Type of Fee (See Note 1)	Amount	Date Due	Remarks
			You or your Restaurant Manager and other personnel we designate must attend each meeting, program, or session FA Secs 13 3 and 13 4
Convention/Training Cancellation Fee	Our actual costs incurred, typically \$500 - \$1,500	On invoice	Payable if you fail to cancel scheduled training at least 14 days prior to such training FA Sec 13 3
Consulting Fee	Currently, \$50 per hour plus consultant's expenses	On invoice	Payable if you request and we agree to provide you with additional on-site consultation, beyond the support services under the Franchise Agreement FA Sec 14 3
Audit Cost	Amount of underpayment plus interest Also, cost of inspection, if the understatement exceeds 2% of Net Sales	On invoice	We or our affiliates may conduct inspection and audit at any day or time during normal business hours Cost of inspection includes accounting and attorney fees, and typically costs \$1,000 to \$4 000 FA Sec 15 5
Adulteration, Dilution or Failure of Sanitation Inspection Fee	\$5000 per visit plus our actual expenses	On invoice	If we inspect your Restaurant and find a violation and we find the same violation at another inspection within one year then you must pay the inspection fee and our expenses of correcting the violation, like travel expenses, cost of product sample analysis, and any attorneys' fees For purposes of charging this fee, we charge for violations that jeopardize health, safety, and/or the brand FA Sec 15 6

Type of Fee (See Note 1)	Amount	Date Due	Remarks
Continuing Maintenance	Cost of maintenance	Ongoing	Payable to third parties or us, if applicable You will continuously maintain the interior and exterior of the Restaurant and all furniture, fixtures, equipment, decor and signage in or at the Restaurant in a clean orderly condition and in excellent repair FA Sec 15 7
Restaurant Remodeling	Cost of remodeling	During the first 6 months after the 10th anniversary of the Opening Date	Payable to approved third parties You must remodel your Restaurant every 10 years The requirements of this Section are in addition to the requirements for ongoing maintenance and updating equipment in the Restaurant FA Sec 15 8
POS System Polling Software Fee	Cost of services estimated to be \$126 per month	As we require	The system summarizes information from the POS cash registers and provides you with reports useful to business operations and reporting to us in a manner we require It also enables us to have independent access to the information FA Sec 15 10
U-Pour System Maintenance Fee	\$300 to \$500 per month	As defined by vendor	Payable to third parties U-Pour is used for all beer, wine, cider and any other 'pay-by-the-ounce' liquid pouring FA Sec 15 10
Call Center Support Services Fee	\$700 - \$1000 per year	Quarterly	Payable to third parties You must purchase call center support for your POS System through a vendor we designate FA Sec 15 10
Maintenance Support Services	Approximately 14% of the retail price of your system per year	As defined by vendor	Payable to third parties You may purchase maintenance support for your POS System once any warranty on your

Type of Fee (See Note 1)	Amount	Date Due	Remarks
			POS System hardware expires FA Sec 15 10
Credit Card and other Transaction Fees	Equipment costs and set up fees estimated to be up to \$700 per terminal Transaction fees estimated to be from 2.5% to 5% of transaction amounts Other fees may apply depending on the vendor used for credit card processing	As incurred	Payable to us or third-party vendor We do not currently require that you use a specific credit card processing company but may require that you do so in the future We also may require that you purchase certain credit card processing equipment and that you accept certain payment methods (e.g., certain credit cards) We do not make a profit from any fees we collect for credit card and other transactions processing, but we may charge for our administrative cost for this activity FA Sec 15 11
Gift Card and Loyalty Program Fees	Equipment costs and set up fees for gift card system estimated to be up to \$700 per terminal if not tied into credit card terminal Other fees apply which we estimate for normal usage at \$250 to \$700 annually Equipment costs and set up fees for loyalty program estimated to be up to \$600 We estimate that fees	As incurred	Payable to us or third-party vendor You must purchase and offer gift cards and loyalty cards (and related equipment) from our designated gift card and loyalty card vendors We may charge an administrative cost for gift card and loyalty cards/programs You must participate in the loyalty program or other electronic incentive program through our designated vendor FA Sec 15 11

Type of Fee (See Note 1)	Amount	Date Due	Remarks
	associated with the loyalty program will not exceed \$1 100 annually		
Test marketing	Cost of products	On invoice	We may conduct test marketing to determine the salability of new food or non-food products and services You will purchase the reasonable quantity of test products and use your best efforts to promote and sell them FA Sec 15 12
Indemnification	Our cost	On invoice	You must indemnify us from certain losses and expenses FA Sec 16 1
Attorney Fees and costs	Our cost	On invoice	If we become a party to a proceeding on an agreement between us and you, and we win, or if we become a party to litigation or insolvency proceedings for your franchise, or if we are the substantially prevailing party in litigation with you, then you must pay our attorney fees and court costs If we terminate the Franchise Agreement for your default you must pay us all our expenses from your default or termination including attorney and expert fees FA Secs 16 1, 20 4, and 22 11
Insurance	Cost of premium plus our administrative expenses	On invoice	Payable only if you fail to maintain minimum insurance coverage FA Sec 16 3
Late Fee for reports, financial statements or tax returns	\$100 per day	On invoice	You must pay this late fee if you fail to submit, timely complete and accurate reports, financial statements

Type of Fee (See Note 1)	Amount	Date Due	Remarks
			and tax returns when due FA Secs 17 2-17 4
Transfer Fee	50% of the then current Initial Franchise Fee, if it is a transfer to a related party, 10% of the then-current Initial Franchise Fee	At transfer closing	Fee compensates us for our expenses and work FA Secs 19 3 and 19 4
Reinstatement Fee	10% of the amount of the then-current Initial Franchise Fee	Before reinstatement	If we terminate your Franchise Agreement due to your default you cure the default and want to be reinstated and we agree to reinstate your Franchise Agreement, you must pay us a reinstatement fee FA Sec 21 2
Appraiser's Fee	50% of appraiser's fee	On invoice	You must pay this fee only if we elect to purchase your assets on termination or expiration of the Franchise Agreement and we cannot agree with you on the purchase price FA Sec 21 3

Note 1 Unless otherwise stated the fees in the above chart are uniformly imposed by payable to and collected by us and are non-refundable We reserve the right to collect these fees through EFT

Note 2 "Net Sales" means all revenues generated by your Franchised Business conducted from or with respect to the Franchised Business whether sales are evidenced by cash, check credit, charge, account, barter, or exchange Net Sales includes without limitation monies, gift card redemptions or credit received from the sale of food beverages, and merchandise from tangible property of every kind and nature promotional or otherwise, and for services performed from or at the Franchised Business, including without limitation off-premises services such as catering and delivery or on premises activities such as games (e g slot machines), third-party advertising (e g , on menus), or other activities that use either the Thirsty Joe's Draft House brand, the System Proprietary Marks, or products that are the same as or similar to Thirsty Joe's Draft House products Net Sales will not include the initial sales or reloading of gift cards, coupon discounts the sale of food or merchandise for which refunds have been made in good faith to customers, the discounted portion of employee meals, the sale of equipment used in the operation of the

Franchised Business, nor will it include sales, meals, use or excise tax imposed by a governmental authority directly on sales and collected from customers, provided that the amount for the tax is added to the selling price or absorbed therein, and is actually paid by you to a governmental authority

**ITEM 7
ESTIMATED INITIAL INVESTMENT**

YOUR ESTIMATED INITIAL INVESTMENT

Type of expenditure	Amount		Method of payment	When due	To whom payments is to be made
	Low	High			
Initial Franchise Fee	\$30,000	\$30,000	Check	At signing of Franchise Agreement	Us
Travel and Living Expenses while Training (Note 1)	\$3,000	\$5,000	Check or credit card	Before opening	Airlines, hotels and restaurants
Rent (Note 2)	\$4,500	\$13,000	Check	As arranged	Lessors
Leasehold Improvements (Note 3)	\$75,000	\$150,000	Check or credit card	As arranged	Contractors
U-Pour System	\$50,000	\$100,000	Check or credit card	When ordered	U-Pour Drafts, LLC
Draft Beer System	\$35 000	\$60,000	Check or credit card	As arranged	Contractor
Architect	\$5 000	\$10 000	Check or credit card	Before opening	Architect
Equipment Package (Note 4)	\$25 000	\$45 000	Check credit card or EFT	Before opening	Vendors
Furniture	\$5,000	\$20,000	Check or credit card	Before opening	Vendors
Smallwares	\$2,000	\$5,000	Check or credit card	Before opening	Vendors
Menu Board Graphics, Interior Signage	\$2,000	\$5,000	Check or credit card	Before opening	Vendors
Exterior Signage (Note 5)	\$4,000	\$10,000	Check or credit card	Before opening	Vendors

Type of expenditure	Amount		Method of payment	When due	To whom payments is to be made
	Low	High			
Computer Hardware/Software Training	\$2,000	\$5,000	Check or credit card	Before opening	Vendors
TV Music	\$2 500	\$5 000	Check or credit card	Before opening	Vendors
Grand Opening Marketing (Note 6)	\$10,000	\$25,000	Check or credit card	Before opening	Vendors
Insurance (Note 7)	\$2,500	\$5,000	Check	Before opening	Insurance companies
Misc Opening Costs (Note 8)	\$5,000	\$10,000	Check or credit card	Before opening	Vendors
Security Deposits	\$2 000	\$7 000	Check	Before Opening	Utility companies lessors
Opening Inventory	\$7,000	\$14,000	Check or credit card	Before opening	Our designated suppliers
Additional Funds - 3 Months (note 9)	\$25,000	\$40,000	Check or credit card	When incurred	Employees vendors, etc
Total Initial Investment (Note 10)	\$296,500	\$564,000	(excluding real estate)		

None of the fees paid to us are refundable. Whether fees paid to third parties are refundable would depend upon their policies. Neither we nor an affiliate finances any part of the initial investment.

The chart above provides an estimate of your initial investment for one Restaurant. The amounts shown for the Initial Franchise Fee are actual, all other amounts represent estimates, based on our experience as owner and operator of Restaurants in Virginia and our executives' years of experience in the food and restaurant industry.

You may have additional or greater expenses starting your business. You should review this information, including the footnotes, carefully, conduct your own investigation and seek the help of qualified advisors before making any decision about an initial investment in a Restaurant.

Explanatory Notes

Note 1: We provide initial training at no charge for up to 2 individuals, but you must arrange and pay for all food, travel and lodging expenses for the people who attend the initial training program. Costs vary depending on the distance traveled and the type of lodging.

Note 2 These figures presume that you will be leasing the Restaurant premises and only represent rent for one month. We are unable to estimate the total cost of purchasing suitable premises for your Restaurant or the amount of any down payment that would be required. Rent will vary depending on the size of the premises, the site's condition, its location, demand for the site, the build-out requirements and construction or other allowances from the landlord and the requirements of individual landlords. These figures are based on our experience in Virginia and other geographic areas in which there currently are open Restaurants. These figures may vary considerably in other parts of the United States. Regardless of whether you lease or purchase the Restaurant premises, a typical Restaurant occupies about 2,200 to 3,500 square feet of space. A Restaurant may be located in either a freestanding building, in an in-line retail plaza space, or other non-traditional venue, but in any event, the Restaurant requires ample parking, good visibility and availability of prominent signage. Because of the wide variation in lease rates for retail space, you should thoroughly investigate the costs of obtaining a location.

Note 3 The cost of leasehold improvements will vary widely depending on whether you choose to purchase or lease the site for your Restaurant, whether you choose to do an in-line endcap or freestanding Restaurant, whether you use one of our standard designs or choose to build a larger or smaller Restaurant, the size and condition of the premises, whether or not there are any existing and comparable leasehold improvements in the premises, the extent and quality of improvements you desire over and above our minimum requirements, landlord's cash contribution to the cost of the improvements and the like. Improvements include electrical, carpentry, floor covering and painting. These costs are net of any Tenant Improvement Allowance received.

Note 4 You must purchase or lease certain equipment (like kitchen equipment), machinery, furniture and decorations that comply with our specifications and standards. Costs will vary depending on a number of factors including, without limitation, building codes and health requirements of the state where your Restaurant is located.

Note 5 The cost of your exterior sign will vary depending on the size, color and back-lite channel letters of the sign and other specifications as we require.

Note 6 You must conduct a grand opening advertising campaign with the opening of your Restaurant. You must pay all costs of the grand opening, including publicity costs, promotional costs, plus the full cost of any price reductions or other customer inducements. Costs may vary depending on your market and the type of advertising used, however, you must spend a minimum of \$10,000 during the 4 weeks before and 8 weeks after the opening of your Restaurant. The Grand Opening Obligation will not apply to your Restaurant if it is located in a captive audience location (e.g., airport, stadium, etc.).

Note 7 You must obtain and maintain during the term of your Franchise Agreement a comprehensive business insurance program as stated in Item 8 of this disclosure document and Section 16.1 of your Franchise Agreement.

Note 8 This figure includes amounts for utility costs, business licenses, permits, opening assistance, and the cost of training your employees.

Note 9 This estimates the funds needed to cover your expenses during the first 3 months of operation. These expenses include payroll costs (excluding any wage or salary paid to you), other miscellaneous expenses and working capital. Your expenses may vary based upon factors such as your management skill, how well you follow the System, your experience and business expertise, economic conditions, the local market for your business, competition, your geographical area, sales venue, the amount of space you lease, the capabilities of your particular management and service team, and the performance of your Restaurant. We base our estimates on our experience operating a similar outlet and on the restaurant industry experience of our management team.

Note 10 Restaurants located in non-traditional venues like office buildings, hospitals, stadiums or university food service facilities will likely experience lower initial investment expenditures than Restaurants in traditional locations like malls, strip centers, or stand-alone locations.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

The Franchise Agreement requires you to purchase the Proprietary Products and Non-Proprietary Products ("Products") from us or from suppliers and/or distributors we designate or approve. "Proprietary Products" include all products, services, and equipment that now comprise, or in the future may comprise, a part of our System and that are proprietary to us, including, without limitation, technology, ingredients, certain food items, uniforms, signs, menu boards, smallwares, materials, supplies, paper goods and packaging. "Non-Proprietary Products" include all non-proprietary ingredients, produce, flavorings, components, and other edible items sold as part of the products offered at Restaurants.

We will sell or make available to you directly or indirectly through authorized distributors or manufacturers, your entire requirements (or lesser amount we may designate), of the Non-Proprietary Products, other products, services, and equipment used in the Franchised Business (collectively, the "Specified Items") and Proprietary Products. These purchase requirements may take the form of purchasing arrangements we negotiate or specify.

You may not purchase licensed Thirsty Joe's consumer goods from other channels and sell them in the Restaurant without our express prior written approval.

The Goods or Services Required to be Purchased or Leased

Advertising

You must obtain all advertising and promotional material from us, a designated vendor, or it must conform to our specifications and standards and be approved by us in advance. This requires you to submit to us for our approval copies of all advertising and promotional materials including, without limitation, business cards, signs, displays and mailouts.

Beverages

We have the right to designate certain distributors breweries, styles, beers, and other beverages that must be made available to customers

Computer System

Back Office PC

You also must obtain a separate personal computer/server to be used as a manager's workstation (' Back-Office PC'), which is to be used for external communication and access to internet, email or websites We do not currently, but may in the future, require specific software be loaded on either the POS Server or the Back-Office PC in order to secure the systems to meet then-current laws industry regulations or brand standards You must pay for the costs of these additional licenses We may require you to obtain specific software or designated hardware on either the POS Server Back-Office PC or store Information Technology Network System (Wi-Fi) to secure the systems to meet then-current laws, industry regulations, POS System requirements or Standards ("Network Security") You must pay for the costs of these additional licenses hardware or services You will be required to show proof of any required Network Security

High Speed Internet

You must maintain a high-speed broadband Internet Service, such as DSL (digital subscriber line) or Cable provided service that allows you an unlimited Internet connection, email and online communication abilities as we require You must dedicate a high-speed broadband or frame relay connection for the sole purpose of supporting your computer system We must approve any other technology options, such as satellite, cellular, etc before you order service with a provider We may require you to use an Internet Service Provider we approve We may require you to purchase services that meet certain performance criteria (Example upload/download speeds security, etc) The U-Pour system will require a separate independent and dedicated line for operation

Mobile and Online Ordering Systems

We may require you to participate in mobile and online ordering systems or programs for your Restaurant (Ordering Applications ') which may require you to invest in additional equipment and incur fees from service vendors and credit card processing vendors that we designate This includes both in store and catering mobile and online ordering systems and programs We reserve the right to require you to implement other electronic incentive programs that we deem appropriate to support and promote the System Such programs may include, but not be limited to, an electronic loyalty tracking program, which may require additional service fees to be paid to such vendors

POS System and Software

We require all franchisees to accept major credit cards (Visa, MasterCard, American Express, and Discover) for customer purchases This will require that you invest in additional equipment and that you incur fees from the credit card processing vendors that we designate and that you incur fees from the credit card processing vendors and banks that we designate

You must purchase a POS System that is approved by us. You also must license, lease or purchase approved software for sales forecasting and inventory and labor management for your Restaurant. We have the right to appoint other suppliers for this software or other back-office software we designate. You will be required to purchase, as part of the POS System, a designated POS System computer ('POS Server') to be used for POS functions only and not for external communications, access to internet, email or website access except as prescribed by POS System recommendations. We may require other restrictions on the use of the POS Server, based on POS System requirements or then-current law, industry regulations or brand standards.

Service Contracts

We may require you to maintain support service contracts and/or maintenance service contracts and implement and periodically make upgrades and changes to the POS System, Network Security, computer hardware and software and credit card, debit card, gift card, and other oncash payment systems. We may designate the vendor(s) for these support service contracts and maintenance service contracts.

U-Pour System

You must purchase the self-service beer system from our affiliate, U-Pour Drafts LLC. You will also be required to maintain a service contract directly through U-Pour or through a third party service company that we designate. Other than the maintenance and access training that you receive from us or from one of the approved support or service companies that we designate, no other outside contractors or individuals, including yourselves, are permitted to manipulate, access or otherwise disturb the U-Pour system, including both hardware and software.

Equipment

With the exception of certain equipment that you must purchase from suppliers we designate or approve, you may purchase the required items from any source, if we determine the items comply with our Standards. You must purchase certain items of machinery and equipment, some of which are Proprietary Products as we direct. We may require you to purchase certain machinery and equipment through designated consolidators, but we currently do not have designated consolidators.

Food Products and Trademarked Materials

You must obtain from us proprietary food products including marinated and flavored meats and sauces and items that bear the Thirsty Joe's trademarks, such as uniforms and packaging materials.

General Contractor

You must hire a licensed and insured general contractor to complete the build-out of your Restaurant. Our acceptance of your general contractor will not in any way be our endorsement of your general contractor or render us liable for your general contractor's performance.

Gift Cards

We may implement an electronic gift card program, and once implemented, you must participate in this program. This program may require that you invest in additional equipment and that you incur fees from the gift card processing vendors that we designate. You must remit to the designated provider the proceeds from your sales of gift cards. The designated provider will hold these funds. When a gift card is redeemed, the provider will pay to the redeeming franchisee the amount of the purchase from the held funds. We will not be obligated to provide to franchisees an accounting of the proceeds and disbursements of the gift card program.

Insurance

We require you to purchase insurance and may designate specified approved vendors. The types and minimum amounts of insurance coverage currently required are as follows:

(a) Comprehensive General Liability Insurance including Products & Completed Operations coverage with limits not less than \$1,000,000 per occurrence and \$2,000,000 in the aggregate with a maximum \$5,000 deductible per occurrence.

(b) Dram Shop Liquor Liability Insurance with limits not less than \$1,000,000 per occurrence and \$2,000,000 in the aggregate.

(c) Statutory Workers' Compensation insurance including employer's liability insurance, with limits not less than \$500,000.

(d) Automobile Liability insurance with a combined single limit of \$1,000,000 for any owned, hired or non-owned automobile used in the course of your business.

(e) 'Follow Form' Umbrella/Excess Liability Policy with limits not less than \$2,000,000 per occurrence and in the aggregate that sits excess of items (a), (b), (c) (employer's liability insurance only) and (d) above.

(f) Business Property Insurance that extends coverage on a replacement cost basis for business personal property including electronic equipment, tenant improvements & betterments and business income and extra expense with covered causes of loss as "Special" or "All Risk" with coinsurance conditions not less than 80%, and further, if you are in a location that resides in FEMA Flood Zones beginning with the letters "A" or "V" coverage for Flood and

(g) Other insurance required by the state or local authority.

Lease

We have the right to approve the lease, sublease or other rental agreement for the Restaurant (the 'Lease') and to require that the Lease includes certain provisions (listed in Section 6.4 of the Franchise Agreement) including our right to the Restaurant's site if you lose possession because of your default under the Lease. Under the Lease terms, no funds are exchanged between us and you or the landlord.

Market Research

Periodically we will conduct market research and testing to determine consumer trends and the salability of new food or non-food products equipment and services You must participate in any market research programs or testing in your Restaurant, and provide us with timely reports and any other relevant information we request You must purchase for your Restaurant a reasonable quantity of the test products, and you must effectively promote and make a reasonable effort to sell test products

Paper and Plastic Products

You must buy all printed paper, paper products, and plastic products bearing our Proprietary Marks (including, for example, dishes containers, cartons, bags, napkins, and packaging supplies) from us or distributors, manufacturers and/or suppliers that we designate or approve Before obtaining any of these items from a supplier other than us or our authorized distributor or manufacturer, you must obtain our written approval, as described below

Restaurant Layout

We will provide you with a sample layout and specifications for your Restaurant You must hire an architect that we approve in writing to prepare your plans and make any necessary changes to our standard layout and specifications Our approval of your architect will not in any way be our endorsement of your architect or render us liable for your architect's performance Before we accept your final architectural renderings, plans, and specifications for a Restaurant, your architect or you must certify to us that the architectural renderings, plans, and specifications comply with the Americans with Disabilities Act (the "ADA"), the architectural guidelines under the ADA, and all applicable state and local codes for accessible facilities On completion of construction and before opening, your architect and your general contractor or you must provide us with a representation stating that the as-built plans comply with the ADA, the architectural guidelines under the ADA, all applicable state and local codes for accessible facilities, and all other applicable federal, state, and local laws, rules or regulations We inspect each Restaurant when construction is finished to make sure that it meets all of our standards and requirements

Signs

You must purchase trademarked signs for your Restaurant that meet our specifications We may require you to use our designated sign vendor to ensure proper use of our Standards Otherwise you must use a vendor that we have approved in writing

Training Materials

We also may sell to franchisees training materials, supplemental or additional goods and services that are in addition to the initial training and services that we provide to you when you sign your Franchise Agreement We may require, recommend or offer that you purchase these materials, goods and services and other materials for use by you or your employees We may make a profit from the sale of these materials, goods and services and other materials we may offer in the future

Whether We or Our Affiliates Are Approved Suppliers

We are an approved supplier of advertising and promotional material but not the only approved supplier. We are the only approved supplier of proprietary food products including marinated and flavored meats and sauces and items that bear the Thirsty Joe's trademarks such as uniforms and packaging materials.

Our affiliate, U-Pour Drafts, LLC is an approved supplier and the only approved supplier of the self-service beer system.

Officer Interests in Suppliers

Our officers, Derek Cha, Eric Cha, Brian Sullivan, James Sharon, and Sam Cielakie own an interest in us. Our officer, Derek Cha, owns an interest in our affiliate U-Pour Drafts, LLC.

Alternative Suppliers

We grant and revoke approvals of alternative suppliers in accordance with the following procedures:

- (i) you must submit a written request to us for approval of the supplier,
- (ii) the supplier must demonstrate that it is able to supply the item to you according to our standards including our standards as to the artwork and text on the items,
- (iii) if the supplier is to receive access to any of our confidential information, trade secrets or logos, the supplier must sign our standard form confidentiality agreement or our standard form license agreement;
- (iv) you or the supplier pays any of our incurred costs;
- (v) the supplier must demonstrate that it is in good standing in the business community with respect to its financial soundness and the reliability of its products or services;
- (vi) the supplier must sign all agreements we require our suppliers to sign at that time.

We do not have written criteria for approving suppliers and hence none are available to franchisees.

You are not permitted to contract with alternative suppliers who meet our criteria unless we authorize in writing as to a particular class of items or a particular supplier.

Under the Franchise Agreement, we have the right to test, at your expense, the product or service of any supplier you propose. We will give you notice of our approval or disapproval within a reasonable time not to exceed 90 days.

If we revoke approval of any supplier, we will give you written notice.

Issuance of Specifications

We issue and modify specifications and standards to franchisees and suppliers through the Operations Manual or other informational bulletins or written communications.

Revenue from Required Purchases

We may derive revenue from required purchases or leases by franchisees

In our last fiscal year ending December 31 2017, we did not derive revenue from required purchases or leases by franchisees

Required Purchases and Leases as a Proportion of Costs

We estimate that your purchases from us, approved suppliers, from suppliers that we designate, and otherwise under our standards will be about 80% of the total purchases and lease of products and services needed to establish the Restaurant and about 90% of the total purchases and leases of products and services needed to operate a Restaurant

Supplier Payments to Us

We may receive payments from designated suppliers from franchisee purchases In our last fiscal year, we did not yet receive any such payments

Purchasing or Distribution Cooperatives

We do not presently have any purchasing or distribution cooperatives

Purchase Arrangements

We may negotiate with vendors (with respect to factors such as sales terms and price terms) for the benefit of franchisees

We may but are not required to, use the services of a food broker to negotiate purchase arrangements monitor suppliers, conduct inspections, and carry out various other services related to suppliers

Material Benefits

We do not provide you with material benefits based on your use of designated or approved sources However, you must be in compliance with your franchise agreement to be eligible to renew it and we can terminate your franchise agreement if you are not in compliance with it

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 Franchise Agreement	Disclosure Document Item
a Site selection and acquisition/lease	Section 6	Items 7, 8, 11, and 12
b Pre-opening purchases/leases	Section 8	Items 5, 7, 8, 11, and 12
c Site development and other pre-opening requirements	Sections 7 and 13	Items 7, 8, 11, and 12
d Initial and ongoing training	Section 13	Item 11
e Opening	Sections 1, 5, 7, 3, 15, 3, and Schedule A	Item 11
f Fees	Sections 3, 2, 4, 2-4, 5, 4, 7-4, 9, 6, 4, 6, 6, 8, 2, 12, 5-12, 9, 13, 1, B, 13, 2-13, 4, 14, 3, 15, 5-15, 8, 15, 10-15, 12, 16, 1, 17, 2-17, 4, 19, 3, 19, 4, 20, 4, 21, 2, 21, 3, and 22, 11	Items 5, 6, 7, 8, 11, and 12
g Compliance with standards and policies/operating manual	Sections 9, 10, and 15, 1	Items 8, 11, 15, and 16
h Trademarks and proprietary information	Sections 1, 4, and 11	Items 13 and 14
i Restrictions on products/services offered	Section 8	Items 8 and 16
j Warranty and customer	Not Applicable	Not Applicable

Obligation	Section in Franchise Agreement	Disclosure Document Item
service requirements		
k Territorial development and sales quotas	Not Applicable	Not Applicable
l Ongoing product/service purchases	Section 8	Items 6 8 and 16
m Maintenance appearance, and remodeling requirements	Sections 3 2 A, 7, and 15 8	Item 11
n Insurance	Section 16	Item 8
o Advertising	Sections 4 and 12	Items 6 and 11
p Indemnification	Section 16	Item 6
q Owner's participation/management/staffing	Section 15 9	Item 15
r Records and reports	Section 17	Item 6
s Inspections and audits	Sections 7 3 14 2, 15 3 15 4, 15 5, 15 6, and 17	Not Applicable
t Transfer	Section 19	Item 17
u Renewal	Section 3 2	Item 17
v Post-termination obligations	Section 21	Item 17
w Non-competition covenants	Section 18 (See also Schedule B to Franchise Agreement)	Item 17
x Dispute resolution	Sections 22 and 25 4	Item 17
y Other (Personal Guaranty)	Schedule C	Item 15

**ITEM 10
FINANCING**

We do not offer direct or indirect financing We do not guarantee your note, lease or obligation

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

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

Pre-Opening Obligations

We will grant you access to the current Manuals at the time of Initial Training (Franchise Agreement Section 14 1)

We will provide an Initial Training Program to you (Franchise Agreement Section 13 1)

We will approve the location you select for your Restaurant (Franchise Agreement, Section 6 1)

We consider the following factors in accepting sites population density and demographics, traffic flow, pedestrian traffic counts, visibility, parking, access, household income and local competition, including other Restaurants We expect you to retain an independent expert to evaluate the suitability of a proposed site We may provide you with limited advice concerning the negotiation of the terms of the lease You will be solely responsible for negotiation of the terms of the lease and performance under the lease We must also review the lease prior to execution to ensure that our minimum lease requirements have been met We may help you select a site but we do not warrant or represent that the selected site is suitable

If your site is not identified by the time that you sign your Franchise Agreement, you will have 150 days after signing the Franchise Agreement to (i) identify and obtain our acceptance of a site and (ii) sign any documentation required to document our acceptance of the site, and (iii) obtain a fully signed Lease that complies with our lease requirements We typically approve or disapprove a proposed site within 15 days of your submission to us of the pertinent information on the proposed site If we cannot agree with you on a site or you fail to complete all the requirements in items (i) – (iii) in this paragraph in the 150-day period, we may terminate your Franchise Agreement (Franchise Agreement, Section 6 3)

We will provide a sample layout and specifications for the Restaurant Our acceptance of your architect will not in any way be our endorsement of your architect or render us liable for your architect's performance or your architect's compliance with professional design standards or adherence to local codes We inspect each Restaurant when construction is finished to make sure that it meets all of our standards and requirements (Franchise Agreement, Sections 7 2 and 7 3)

We will make all Non-Proprietary Products and Proprietary Products available to you through us, our affiliates independent distributors, or manufacturers (Franchise Agreement, Sections 8 1 and 8 2)

We will furnish you with any specifications for required products and services (Franchise Agreement, Section 8 2)

We will use reasonable efforts to fulfill or cause distributors or manufacturers to fulfill your orders for Non-Proprietary Products and Proprietary Products on a timely basis. If we, our distributors or our manufacturers cannot supply customers (including yourself and other franchisees) with the quantity and type of Non-Proprietary Products or Proprietary Products that they request as a result of the causes described above or other causes beyond our or our suppliers' control, then we will try to allocate the available quantities and types of Non-Proprietary Products or Proprietary Products on an equitable basis among businesses selling the Products (Franchise Agreement, Section 8 1 D)

We will share with you our know-how in operating a Restaurant featuring the Thirsty Joe's food dishes, other food products and beverages and related services and grant you electronic or other access to our Manuals containing the information, methods, techniques, and specifications for the operation of a Restaurant (Franchise Agreement, Sections 9 and 10)

We will approve or disapprove all signs posters, and displays in writing before installation or display (Franchise Agreement, Sections 7 4 and 12 2)

We will approve or disapprove in writing, any advertising, direct mail, identification and promotional materials and programs you propose (Franchise Agreement Section 12 2)

We reserve the right, to the fullest extent allowed by applicable law to establish maximum, minimum, or other pricing requirements with respect to the prices you may charge for Products including required participation in System-wide discount programs and promotions. If we do not establish such pricing requirements, then you will have the right to determine the prices you charge (Franchise Agreement Section 14 4)

Time to Open

We estimate that the typical time between signing the Franchise Agreement and opening your Restaurant is 3 to 14 months. Factors affecting time include attendance at and satisfactory completion of, the initial training program, obtaining the Lease obtaining all necessary permits completion of construction, and delivery and installation of equipment and supplies. You must (i) obtain our acceptance of the Accepted Location, submit site plans and architectural plans to us, and obtain a signed Lease (that complied with our lease requirements) within 150 days after we sign the Franchise Agreement, (ii) begin construction at the Accepted Location within 240 days after we sign the Franchise Agreement and (iii) open your Restaurant within 360 days after we sign the Franchise Agreement (Franchise Agreement Sections 6 3 and 15 3 Schedule A to Franchise Agreement Section 2)

Obligations During Operation

Periodically visit the Restaurant, evaluate your compliance with this Agreement and the Standards and advise you on changes necessary to bring the Restaurant into System compliance (Franchise Agreement Section 14 2)

Make all Non-Proprietary Products and Proprietary Products available to you through us, our affiliates, independent distributors or manufacturers (Franchise Agreement, Sections 8 1 and 8 2)

Furnish you with any specifications for required products and services (Franchise Agreement, Section 8 2 A)

Review and approve or disapprove any advertising, direct mail, identification, and promotional materials and programs you propose (Franchise Agreement, Section 12 2)

Furnish you with those support services we consider advisable We may provide these services on-site, off-site, by telephone, or through other means Timing will depend on the availability of our personnel (Franchise Agreement, Section 14 3)

Advertising (Franchise Agreement, Section 12)

We may use internet television, radio, print, public relations, and other advertising media and methods

We may advertise on a local, regional, or national basis

We may create advertising in-house or through a national, regional or local advertising agency

We are not required to spend any amount on advertising in the area or territory where you are located

We will allow you to use your own advertising material provided that you first furnish it to us to review and we give you written approval

Grand Opening Advertising

You must spend at least \$10,000 in grand opening advertising promoting the opening of your Restaurant within 4 weeks before (including advanced purchases during that period) you open the Restaurant and within 8 weeks after you open the Restaurant (the "Grand Opening Obligation") All materials you use for this Grand Opening Obligation, and the media in which you use them are subject to our approval The Grand Opening Obligation will not apply to your Restaurant if it is located in a captive audience location (Franchise Agreement, Section 12 3)

Local Advertising, Marketing and Promotion

Each calendar quarter you must spend on local market advertising a reasonable amount you determine but not less than \$1,000 each calendar quarter ("Required Local Expenditure") Local advertising expenditures must comply with our requirements in order to count toward the Required Local Expenditure If you fail to make Required Local Expenditures, we will have the right to spend an amount not to exceed \$2,000 on local advertising for you, and you must reimburse us for

these expenses. Amounts you contribute to an advertising cooperative will be credited toward the Required Local Expenditure (Franchise Agreement, Section 12.9)

Advertising Council

We do not have an advertising council composed of franchisees that advises us on advertising policies but reserve the right to form one later. We have the power to form, change or dissolve any advertising council at any time (Franchise Agreement, Section 12.10)

Advertising Cooperatives

If we establish an advertising cooperative in a designated marketing area where you are located, you must participate and abide by any rules and procedures the cooperative adopts and we approve. Each of our marketing areas will encompass a group of franchisees located in a geographically-defined local, regional or national marketing area. You will contribute to your respective cooperative, but not more than 2% of your Net Sales, the exact amount we set. Restaurants we own will contribute to the respective cooperative in the same manner and in the same amounts as similarly-situated Restaurants. Amounts you contribute to a cooperative will be credited against monies you are otherwise required to spend on local advertising. We have the right to draft your bank account for your advertising cooperative contribution upon opening of the Restaurant and to pass those funds on to your cooperative.

The franchisee members are responsible for administration of their respective advertising cooperative, as stated in the by-laws and any payment agreements that may govern the cooperative. The by-laws and governing agreements will be made available for review by the cooperative's franchisee members. We may require a cooperative to prepare annual or periodic financial statements for review. At your request, you may obtain a copy of any annual or periodic financial statements your cooperative prepares. Each cooperative will maintain its own funds, however we have the right to review the cooperative's finances, if we so choose. We maintain the right to approve all of a cooperative's marketing programs and advertising materials. On 30 days written notice to affected franchisees we may terminate or suspend a cooperative's program or operations. We may form, change, dissolve, or merge any advertising cooperative (Franchise Agreement, Section 12.6)

Advertising Fund

We maintain an advertising fund ("Ad Fund") to which franchisees contribute. Franchisees must uniformly contribute 2% of Net Sales to the Ad Fund. We have the right to increase this up to a maximum of 4% of Net Sales.

Company owned outlets are not required to contribute to the Ad Fund but may do so on the same basis as franchisees.

We administer the fund.

The Ad Fund is not audited though our overall income and expenses are.

We will make unaudited financial statements of the fund available for review by franchisees upon written request.

Any amounts collected for the Ad Fund but not spent within the fiscal year are carried over and spent in the next fiscal year. Any amounts that we spend on advertising in excess of the amounts then available in the Ad Fund also will be carried over as a loan from us to the Ad Fund and will be reimbursed to us in the next fiscal year. Other than as disclosed above, we do not provide a periodic accounting of how advertising fees are spent.

We reserve the right to spend up to 10% of Ad Fund revenues to solicit new franchise sales (Franchise Agreement, Section 12.5).

Computer or Cash Register Systems

We require you to purchase a POS System, which is an electronic cash register system. Its principal functions are to manage permanent financial records of sales transactions at your Restaurant, cash control, inventory control, labor scheduling, sales forecasting and menu and price change control, among other things. The types of information that it collects and generates are sales levels by item, item menu pricing, product movement statistics, individual unit and category sales data, transactions, guest counts, discounts, various financial information to prepare Restaurant reports and time and attendance information for employee payroll calculations.

You must provide financial and business records and information to us, including among others profit and loss statements and sales reports, according to reporting formats, methodologies and time schedules that we establish. As part of these record keeping requirements, you must use our approved operations computer and POS System, including all necessary computer hardware, software, firmware, telecommunications infrastructure products, credit card, gift card and loyalty card processing equipment and support services we specify.

You must dedicate a high-speed broadband or frame relay connection for the sole purpose of supporting your computer system. Any other technology options, such as satellite, cellular, etc. must be approved before ordering service with a provider. We may require you to use an Internet service provider we approve. You also must obtain all telecommunications and computer infrastructure products required to send and receive email and attachments on the Internet and to support our then-current information technology system.

We may require you to install Network Security. We may elect to provide any information to you electronically through our website(s) or intranet or other electronic means. We may authorize vendors and others to communicate with you on our website or intranet. We may require arrangements for the distribution and purchase of inventory, supplies, and other items to be conducted through electronic data interchange (for example, internet or email) or other communication services we provide. (Franchise Agreement, Sections 15.10 and 15.11)

1 Hardware You must purchase a POS System and accompanying hardware package that includes a manager's workstation ("Back-Office PC") for communications, one monitor, one back office multi-function printer, between 1 and 4 POS Terminals, one firewall device and one POS server. In addition to computer hardware, you will need to purchase other equipment, such as cash drawers, receipt printers, kitchen printers, and any other POS related hardware to support operations. Some of these additional equipment purchases are optional and dependent on

individual restaurant design. The Back-Office PC must be a different computer from the POS Server to meet PCI compliance requirements. Other than the required POS software, we do not currently, but may in the future, require that specific software be loaded on either the POS Server or Back-Office PC to secure the systems to meet then-current laws, industry regulations, or our standards. PCI does require that you install Anti-Virus software on both the POS Server and the Back-Office PC. We do not currently, but may in the future, require a specific Anti-Virus software to be used on the Back-Office PC or on the POS Server. After the first year, you are required to keep up annual subscription services to maintain PCI compliance. You must pay the costs of these additional licenses.

We estimate that the POS System hardware alone will cost between \$3,000 and \$5,000 depending on the size and design of your Restaurant. In the future, we may, at our discretion, approve other hardware platforms for the POS System.

2 Computer Software We currently require you to license, lease, or purchase the following software for use with the hardware systems in your Restaurant:

(a) **POS System** You must license, lease, or purchase POS Software, together with credit card software, gift/loyalty card software, and remote access software. POS System software should cost about \$1,600 to \$4,500 depending on the number of registers in your Restaurant.

(b) **POS System Polling Software** You must license, lease, or purchase and maintain the software and services that provide sales forecasting and inventory and labor control, in addition to daily polling of your POS data. It summarizes information from the POS cash registers and provides you with reports useful to business operations and reporting to us in a manner the Franchise Agreement requires. It also enables daily auto-polling of sales data to the corporate office, which means that we will have independent access to the information. You will pay a continuing service fee estimated to be \$126 per month.

3 U-Pour System You must purchase and use solely, and without interruption, the U-Pour self-service beer system in your restaurant, for all beer, wine, cider, and any other 'pay-by-the-ounce' liquid pouring. This system will require at least one main station for check-in/check-out paired with a POS system for each dedicated station. We may require, or you may choose, depending on the size and layout of your restaurant, more than one check-in/check-out station. Additionally, you will need to purchase one self-service screen for every two taps. For the purpose of repairs or in the event of damage, you must always have on hand at least two (2) spare self-service screens and wire sets. We estimate the cost to be between \$3,000 to \$4,000 per screen for the initial installation and \$300 to \$500 per month for maintenance and support.

4 POS Installation Services You must purchase installation services for your POS System. You are also required to use an approved POS installer to install necessary network cabling for your POS System. The price of installation and training services should range between \$2,000 and \$4,200 depending on the amount of training you require. You may incur additional expenses if the approved installer also assists you in the installation of your electrical requirements to run your POS System.

5 Call Center Support Services You must purchase call center support for your POS System through a vendor we designate. Vendors charge quarterly for call center support services, and the cost should range between \$700 and \$1,000 per year.

6 Maintenance Support Services You may purchase maintenance support for your POS System once any warranty on your POS System hardware expires. Hardware maintenance support services should cost up to 14% of the retail price of your system per year.

Neither we nor any affiliate or third party is obligated to provide ongoing maintenance, repairs, upgrades or updates and there is no contractual limit on the frequency and cost of your obligation to do so.

We estimate the annual cost of any optional or required maintenance, updating, upgrading, or support contracts at \$5,000-\$10,000 per year. In the future we may require different systems or permit the use of different systems depending on the size of your Restaurant. We reserve the right to discontinue any service or support we offer for any system at any time for any reason or to change any required vendors for the products or services at any time for any reason. Your equipment will not function properly within our system without the required upgrades. You must replace, upgrade and maintain these systems at your sole expense.

Independent Access to Information

We will have independent access to the information that will be generated or stored in any POS or computer system, such as revenue, expense, scheduling, payroll, vendor, and other information. There are no contractual limitations on our right to access this information. We plan to develop interfaces with our designated provider for our approved POS System that facilitates this access. You must provide any assistance we require to bring your system on line with our headquarters system at the earliest possible time and in the manner we prescribe. You must accurately, consistently and completely record, structure, capture and provide all required information through your POS or computer system, and protect such information. (Franchise Agreement Section 15.10)

Operations Manual

Exhibit I contains the Table of Contents to the Operations Manual. The Manual contains 110 pages.

Training

Below are the initial training ('Initial Training ') requirements that must be completed before you open your Restaurant.

TRAINING PROGRAM

Subject	Hours Of Classroom Training	Hours of On- The-Job Training	Location
Products (overall)	2	40	Richmond, VA
Shift Management	1	8	Richmond VA

Administrative	2	2	Richmond VA
Sanitation/Health	2	4	Richmond, VA
Point of Sale System	1	2	Richmond VA
Marketing / Catering	1	2	Richmond, VA
Total	9	58	

We offer the Initial Training Program periodically as needed, typically quarterly

The Initial Training Program will last about 21 days (3 days off included) and will be comprised of both classroom type training and in-Restaurant training in one of our training locations in Richmond Virginia or at another training facility that we designate

We will use the Operations Manual, Powerpoints and hands on training in a restaurant/kitchen environment The Initial Training Program may include web-based training modules or webinars We also recommend that you attend the opening of another franchisee's Restaurant before you open your own Restaurant

The following Instructors teach our initial training program K1 Young ("Derek") Cha, Brian Sullivan, James Sharon, and Sam Cielakie We describe the nature of the Instructors' experience in Item 2 The table below sets forth the instructors' length of experience in the field and with us

<u>Instructor</u>	<u>Years of Experience in the Field</u>	<u>Years of Experience with the Franchisor</u>
Derek Cha	4	1
James Sharon	10	1
Brian Sullivan	10	1
Sam Cielakie	8	1

The Initial Franchise Fee includes the cost of the Initial Training Program for you and your Restaurant Manager, who must attend the training You must pay all travel transportation, meals lodging, and other living expenses for your trainees

Before opening your Restaurant, the following persons must attend and successfully complete to our satisfaction, initial training

- (1) If you will act as the Restaurant Manager, you and at least one other person we designate
- (2) If you will not act as the Restaurant Manager, you and the proposed Restaurant Manager
- (3) Such additional persons as we may require so that each outlet of yours has two managers who have successfully completed our Initial Training Program

In the case of an entity, "you" refers to one or more owners as we designate

You may not attend the Initial Training Program until your Restaurant is under construction and you have provided us with your fully signed Lease that we have approved and evidence of the insurance that is required under your Franchise Agreement. You must complete initial training at least 45 days before your projected opening date (Franchise Agreement, Section 13.1)

You must enroll a qualified replacement in the Initial Training Program for any employee that participated in the Initial Training Program who ceases active employment at your Restaurant within 30 days after the former employee's last day of employment. The replacement employee must attend and complete to our satisfaction the next regularly scheduled Initial Training Program. All training attendees must be age 18 or over (Franchise Agreement, Section 13.1)

Each Restaurant location that you open must retain 2 certified managers on staff during the first 90 days of operation. Each Restaurant that you operate must maintain at least 1 certified manager after the first 90 days of operation throughout the term of the franchise agreement (Franchise Agreement, section 13.1)

If we determine that you do not have sufficient restaurant experience, we may require you to complete an unpaid internship in an existing Thirsty Joe's Restaurant in addition to the below training program (Franchise Agreement, Section 13.1)

We may require the individuals who completed the Initial Training Program to attend a refresher course if your Restaurant opens more than 2 months after you complete the Initial Training Program. This is because of the lapse of time and because the Initial Training Program and the System may have changed (Franchise Agreement, Sections 13.3 and 13.4)

We also may require you and employees we specify to complete additional live or web-based training when we think it is appropriate based on your operations. We may charge you fees for refresher training courses and additional training. Refresher training will vary in length, typically between 1 and 2 weeks, depending on the changes that have occurred since the Initial Training Program and the abilities and needs of the individuals. Refresher training will generally follow the subject outline of the Initial Training Program, as it then exists, reviewing certain subjects quickly and spending more time in areas that have changed or that the individuals need to review (Franchise Agreement Sections 13.3 and 13.4)

We may periodically conduct a conference, convention, or program. We will determine the duration, curriculum, and location of these. You and your Restaurant Manager must attend each conference, convention, or program we require. We may charge a fee for these programs (which we expect may typically range up to \$2,500) and you must pay all travel, transportation, lodging, and meal expenses in attending. We also require additional training when a franchisee is experiencing compliance problems (Franchise Agreement Sections 13.3 and 13.4)

ITEM 12 TERRITORY

Franchise Agreement

You will receive an Area of Protection ("AOP") as described in this Item. The following describes how Areas of Protection are determined, and the rights that you and we have under the Franchise Agreement.

We may negotiate with you your Area of Protection if the Accepted Location is known at the time you sign the Franchise Agreement. The size and scope of the Area of Protection will be in the Franchise Agreement and will be determined on a case-by-case basis, from a minimum site specific territory (such as at a captive audience outlet like an airport or stadium) to a radius of 25 miles in a more rural or lightly populated area. We will define your territory using a radius or geographic designations, zip codes, political or natural boundaries. Your Area of Protection is non-exclusive. 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 factors that we consider in determining the size of an Area of Protection include current and projected market demand, demographics and population based on our research and experience, median household income, presence of other businesses, location of competitors, traffic patterns, access and visibility, location of other Restaurants, our future development plans and other market conditions. If the Accepted Location is not known when you sign the Franchise Agreement, we will designate the Area of Protection once we authorize a location for the Restaurant and the Accepted Location and Area of Protection will be documented when we accept the location. If the Accepted Location is known when you sign the Franchise Agreement, the Franchise Agreement will specify the Accepted Location for your Restaurant and the Area of Protection.

During the term of the Franchise Agreement, we will not own, acquire, establish and/or operate, nor license and/or franchise any other person to establish or operate a Restaurant in the AOP except as permitted under the Franchise Agreement and those exceptions are described below. There are no circumstances outside of those discussed in the Franchise Agreement under which the AOP may be altered before expiration or termination of the Franchise Agreement.

Your territorial protection is not dependent on achievement of a certain sales volume, market penetration or other factors other than compliance with the Franchise Agreement.

Relocation of Restaurant

You may request to relocate your Restaurant if the market for your location declines dramatically over the years. If we approve your request to relocate, then you must sign our then-current Franchise Agreement and your present Franchise Agreement will terminate. The new Franchise Agreement you sign will expire on the same date as the expiration date of your new lease and, if that date falls within the term of your present Franchise Agreement, you will not pay another Initial Franchise Fee, and the Royalty and Advertising Contribution will remain the same as in your present Franchise Agreement. If the expiration date of your new lease falls after the expiration date of your present Franchise Agreement, then you must pay an Initial Franchise Fee of \$1,500 multiplied by the number of years between the expiration date of the present term and the

expiration date of the new term, and after the expiration date of your present Franchise Agreement, the Royalty and Advertising Contribution will be changed to that stated in our then-current Franchise Agreement. We have not established a set of conditions or criteria under which we evaluate or approve relocation requests that are not based on a decline in the market.

You will have no right of first refusal and you will not have any similar rights to acquire additional franchises or establish additional Restaurants unless we expressly provide you with such rights in writing.

Additionally, you will have the right but not the obligation, to provide catering and delivery services within a reasonable distance from the Accepted Location not to exceed 25 miles from the Accepted Location, within or outside the AOP. You must provide any catering and delivery services in accordance with the Manuals and the Franchise Agreement. Subject to the 25 miles maximum mileage restriction, you may provide catering and delivery services in the territories of other Thirsty Joe's franchisees without compensating the other franchisees, and other Thirsty Joe's franchisees may provide the same services in your AOP without compensating you.

You may only sell approved Thirsty Joe's products and services at retail from your Restaurant and you may not engage in the wholesale sale or distribution of any Thirsty Joe's products (including gift cards), service equipment, or other component, or any related product or service, without first obtaining our written consent. You may not sell Products through the Internet or using any channel of distribution other than your Restaurant without first obtaining our written consent.

Our Reserved Rights Under the Franchise Agreement

Under the Franchise Agreement, we and our affiliates retain all the rights that we do not specifically grant to you. Among the rights that we retain are the following (the following list is only for purposes of illustration and is not meant to limit our rights):

1. We may produce and sell Proprietary Products and Non-Proprietary Products (collectively, the 'Products') or any other products or services and authorize others to produce and sell Products or any other products or services to any party, in any location, through any channel of distribution including without limitation to and through supermarkets, convenience stores, club stores, and other retail stores not dedicated to the sale of the Products, or any other channel including mail order sales and sales through the internet using the Proprietary Marks, the System and any other marks and/or systems, we desire, without providing any rights or compensation to you.

2. We may open and operate, and franchise others to open and operate, retail outlets at any location within or outside the Area of Protection including near your Accepted Location and Restaurant, using the Proprietary Marks and selling the Products at limited access and captive audience facilities, separate areas, concession departments and other types of institutional accounts (which include airports, bus and railroad terminals, other public transportation facilities, sports arenas and stadiums, highway rest stops, gasoline service stations, amusement centers, museums, supermarkets, convenience stores, department stores, enclosed malls, food courts, hospitals and other health care facilities, parks, universities and education facilities, theaters, schools, art centers, convention centers, casinos, military bases, office buildings, business complexes, apartment buildings, condominiums, dormitories, other high density locations and other similar non-restaurant locations) (collectively "Non-Traditional Outlets"), without providing any rights or compensation to you.

3 We may acquire or be acquired by another business and the other business may open and operate and franchise others to open and operate, businesses similar to the Restaurant (i) at any location outside the Area of Protection or at Non-Traditional Outlets in the Area of Protection (including near your Accepted Location) using the Proprietary Marks and selling the Products through restaurants that are the same as or similar to Restaurants without providing any rights or compensation to you, and (ii) at any location in the Area of Protection using marks other than the Proprietary Marks and selling products similar to the Products through restaurants that are the same as or similar to Restaurants, without providing any rights or compensation to you

There may already be company-owned or franchised Restaurants near your Restaurant that will continue to operate We may open or franchise new Restaurants near your Restaurant (but outside your Area of Protection) without consulting you or giving you the first right to open them These Restaurants may compete directly with you

Other Restaurants near your Restaurant that are already in existence or opened later under Franchise Agreements also may (i) compete directly with you (ii) provide services in close proximity to your Restaurant without compensating you, and (iii) possibly adversely affect the operation of your Restaurant

ITEM 13 TRADEMARKS

The franchise agreement licenses to you the right to use the following trademarks registered with the U S Patent and Trademark Office ('USPTO')

Description of Mark	Registration Number	Principal or Supplemental Register of the USPTO	Registration Date
Thirsty Joe's	87783978 (Serial Number)	Principal	Pending (filed on February 5, 2018)

"Proprietary Marks" means our symbols trademarks service marks, logotypes, and trade names The provisions of the Franchise Agreement apply to any and all other trademarks, service marks and trade dress authorized and licensed for use by Thirsty Joe s to you during the term of the Franchise Agreement

We do not have a federal registration for our principal trademark Therefore, our trademark does not have many legal benefits and rights as a federally registered trademark If our right to use the trademark is challenged, you may have to change to an alternative trademark which may increase your expenses

We have filed all required affidavits

There are currently no effective determinations of the USPTO the Trademark Trial and Appeal Board, or any state trademark administrator or any court, or any pending infringement opposition,

or cancellation proceeding in which we unsuccessfully sought to prevent registration of a trademark in order to protect a trademark licensed by the franchisor. There are no pending material federal or state court litigation regarding our use or ownership rights in a trademark.

We have a written License Agreement with Derek Cha dated February 5, 2018, which grants to us the right to use the mark in connection with this franchise program and to sublicense the right to you. The License Agreement is perpetual in duration and may be terminated upon a material breach not remedied after 30 days' written notice.

There are no other currently effective agreements that significantly limit our right to use or license the use of our Proprietary Marks.

You will only use the Proprietary Marks to identify your Restaurant except as we authorize. In using the Proprietary Marks, you must strictly follow our standards, specifications, requirements and instructions. You may not use the Proprietary Marks with any unauthorized product or service or in any other way not explicitly authorized by the Franchise Agreement or that we otherwise approve. You may not use the Proprietary Marks, or any portion thereof, as part of any corporate or trade name, domain name, search engine keyword or metatag, email address, or in any other unauthorized manner. All goodwill associated with the Proprietary Marks remains our exclusive property. All usage of the trademarks by you and any goodwill established will inure to our exclusive benefit.

If you learn of any claim against you for alleged infringement, unfair competition, or similar claims about the Proprietary Marks, you must promptly notify us. We will promptly take the action we consider necessary to defend you. We must indemnify you for any action against you by a third party based solely on alleged infringement, unfair competition, or similar claims about the Proprietary Marks. You may not settle or compromise any of these claims without our written consent. We have the right to defend and settle and therefore control any claim at our sole expense, using our own counsel. You must cooperate with us in the defense. We have no obligation to defend or indemnify you if the claim against you relates to your use of the Proprietary Marks in violation of the Franchise Agreement.

You must comply with our instructions to modify or discontinue use of any Proprietary Mark or to adopt or use additional or substituted Proprietary Marks. We will not be liable to you for any resulting expenses.

We do not know of any superior prior rights or infringing uses that could materially affect your use of our Marks anywhere.

ITEM 14 PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Patents and Copyrights

We have no patents and no pending patent applications material to the franchise. We claim copyrights on certain forms, advertisements, images, art, photography, promotional materials, and other written materials. We also claim copyrights and other proprietary rights in the Manuals (and

the modifications we make to it periodically) We also claim copyrights in our building designs architectural renderings and construction plans You must comply with the proper use and marking of the copyrighted materials as we indicate in the Manuals

There are no agreements currently in effect that significantly limit your right to use any of our copyrights Also, there are no currently-effective determinations of the USPTO, Copyright Office (Library of Congress) or any court involving any of our copyrights discussed above We are unaware of any infringing uses of or superior prior rights to any of our copyrights that could materially affect your use of them in the state in which your Restaurant will be located Your obligations and ours to protect your rights to use our copyrights are the same as the obligations for Proprietary Marks described in Item 13

Proprietary and Confidential Information

Our Confidential Information includes but is not limited to products, services, equipment, technologies, and procedures for the retail sale of beverage food and non-food products under the System sources (or prospective sources) of supply and all information related to or concerning the sources (or prospective sources) of supply including the identity of and pricing structures with our suppliers systems and techniques for the production, distribution merchandising, and sale of beverage, food and non-food products systems and techniques for food preparation and storage, menus, recipes and ingredients, special techniques for packaging, display, merchandising, and marketing of food products operating procedures for sanitation and maintenance, systems of operation services programs, products, procedures policies standards techniques, requirements, and specifications that are part of the System, plans, layouts designs and specifications for a prototypical Restaurant, the Manuals, methods of advertising and promotion, instructional materials, and other matters This is not an exclusive list of all our Confidential Information

You may never during the term of the Franchise Agreement, any renewal term of the Franchise Agreement, or after the Franchise Agreement expires or is terminated, reveal any of our Confidential Information to another person or use it for any other person or business You may not copy any of our confidential information or give it to a third party except as we authorize These restrictions must be followed even before you open your Restaurant since you will receive valuable information and training about the System and the operation of the Restaurant before you begin operations

You may never, during the term of the Franchise Agreement any renewal term of the Franchise Agreement, or after the Franchise Agreement expires or is terminated reveal any of our Trade Secrets to another person or use such Trade Secrets for any other person or business 'Trade Secret' means information that derives independent economic value, actual or potential from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use Without limiting the definition of "Trade Secrets" all the following will be conclusively presumed to be Trade Secrets whether or not we designate them as such (i) the composition of our Proprietary Products and Non-Proprietary Products (ii) our advertising, marketing, and public relations strategies, and (iii) our marketing analyses

You will require that all persons employed in your Restaurant having access to Confidential Information are aware of the confidentiality restrictions set forth in the Franchise Agreement and similarly bind them not to disclose the Confidential Information by an agreement as least as restrictive as the terms of the Franchise Agreement

You must assign to us permanently and irrevocably for incorporation into the System, and for any other use we desire full rights to all of the following if developed by you or for you during the Term, without payment of any compensation to you (i) any similar food to the products served under the System, (ii) any derivative intellectual property, products programs techniques equipment, services related in whole or in part to the Restaurant operation, your rights under this Agreement (whether or not permitted), Manuals, System and/or item (i), and (iii) variations, modifications and/or improvements related in whole or in part to the Restaurant operation Manuals, System and/or item (i)

ITEM 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

You must personally supervise the operation of your Restaurant unless we otherwise permit in writing You must devote the necessary time and your best efforts for the proper and effective operation of your Restaurant If we license you to operate more than one Restaurant, you must devote the time necessary for the proper and effective operation of all your Restaurants You must employ one Restaurant Manager for each Restaurant

If you are an individual you must serve as or designate a Restaurant Manager An entity franchisee must designate a Restaurant Manager The Restaurant Manager, who will have day-to-day management responsibility for your Restaurant, will exercise on-premises supervision and personally participate in the direct operation of the Restaurant The duties and hours of the Restaurant Manager are in the Manuals You must inform us in writing of your Restaurant Managers and any successors Your Restaurant Managers must complete the Initial Training Program to our satisfaction After a Restaurant Manager's death, disability, or termination of employment, you must immediately notify us, and you must designate a successor or acting Restaurant Manager within 30 days If you fail to do so after receiving from us a default notice with a cure period we can terminate the Franchise Agreement

If you are a business entity the Restaurant Manager need not have any equity interest in you We will not approve investment in a Restaurant for investors interested in an absentee management business

All persons affiliated with you must sign our Personal Covenants Agreement (Schedule B to the Franchise Agreement) and keep our confidential or proprietary information confidential All persons who own equity in you must sign our Guaranty of Payment and Performance (Schedule C to the Franchise Agreement)

ITEM 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer and sell all services, products, and programs that we require you to sell and that are part of the System or that we incorporate into the System in the future. We may add to, delete from, or modify the services, products, and programs that you can and must offer. You must abide by any additions, deletions, and modifications, but only if the changes do not materially and unreasonably increase your obligations under the Franchise Agreement. For instance, in the future, we may implement a breakfast menu offering. In such case, you must abide by and incorporate the breakfast menu offering into your Restaurant operations. There is no limit on our right to make changes to the authorized goods and services, but we do not intend to materially change the nature of the franchise through changes to authorized goods and services.

The Approved Location will be used solely for the purpose of conducting a Thirsty Joe's Restaurant and not for any other purpose unless we provide our express prior written consent to you. You may not sell any menu item, product, service, or program that is not a part of the System without our prior written approval. You may not use the Thirsty Joe's name or Proprietary Marks for any other business. You may not conduct any business other than the business contemplated by the Franchise Agreement from your Restaurant without first obtaining our written consent. Once available, you must participate in our Gift Card Program and you must have available for sale to customers a sufficient number of gift cards to meet the demands of your Restaurant. Gift cards may change in style and design periodically; the most current authorized version must be available in the Restaurant during the term of the Franchise Agreement. You must also accept for payment Gift Card(s) presented as payment for purchases made from the Restaurant. You are also required to purchase or lease the equipment and services needed to implement the Gift Card Program.

You may only sell Thirsty Joe's products and services at retail from your Restaurant, and you may not engage in the wholesale sale or distribution of any Thirsty Joe's product, service, equipment, or other component, or any related product or service, without first obtaining our written consent. You may not sell Products through the Internet or using any channel of distribution other than your Restaurant without first obtaining our express prior written consent.

We may permit you to use a website page that (i) is located on our website, (ii) we have approved, and (iii) complies with the Manuals for marketing, catering, and delivery services.

You may not sell, barter, or exchange the Proprietary Products or other proprietary items at wholesale or retail (including gift cards) under any condition.

You may sell out of stock Proprietary Products or other proprietary items to a Thirsty Joe's franchisee that is in good standing with us, but any sale under these circumstances must be in accordance with all applicable food handling laws and regulations.

In preparing, dispensing, and selling Thirsty Joe's products, you may use only product components, ingredients, flavoring, and garnishes that meet our then-current requirements and specifications. You must prepare all Thirsty Joe's products in strict accordance with our standards, specifications, techniques, and procedures. In dispensing the Thirsty Joe's products, you may use only containers, cartons, bags, boxes, napkins, and other paper goods and packaging bearing our

then-currently approved text and designs and that otherwise meet our then-current requirements specifications, and quality standards

ITEM 17
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION
THE FRANCHISE RELATIONSHIP

This table lists certain important provisions of the Franchise Agreement and related agreements on renewal, termination, transfer, and dispute resolution. You should read these provisions in the agreements attached to this Disclosure Document.

Provisions	Section in Franchise Agreement	Summary
a Length of the franchise term	Section 3.1	20 years
b Renewal or extension of the term	Section 3.2	20 years if you comply with our renewal requirements
c Requirements for you to renew or extend	Section 3.2	You must satisfy these requirements to renew - a Timely request renewal - b Complete renewal application - c Have been in substantial compliance with Franchise Agreement - d Remodel, refurbish, and renovate the Restaurant - e Relocate the Restaurant if necessary to meet our then-current standards - f Sign and return your Renewal Franchise Agreement (which may be materially different from the terms contained in the Franchise Agreement attached to this Disclosure Document) - g Pay the renewal fee - h You and your guarantors and owners must sign a general release
d Termination by you	Section 20.1	You will have no right to terminate this Agreement. If we breach this Agreement, your sole remedy will be an arbitration proceeding under this Agreement.
e Termination by us without cause	None	None
f Termination by us with cause	Sections 20.2 and 20.3	We may terminate only if you default.

Provisions	Section in Franchise Agreement	Summary
g "Cause" defined – curable defaults	Section 20 3, State Addenda to Franchise Agreement	Except as modified by state law, <u>you have 24 hours to cure if</u> - a You refuse us permission to inspect or audit - b A threat or danger to public health or safety results from your continued operation of the Restaurant - c Any dilution or adulteration of products at the Restaurant or any misrepresentation, substitution, or palming off of non-Thirsty Joe s products from the Restaurant operated under the Franchise Agreement - d You fail to comply fully with all laws <u>You have 5 days to cure if</u> - a You sell, barter or exchange the Proprietary Products or other proprietary items at wholesale or retail - b You fail to secure an Accepted Location within the required time limits and procedures or fail to open on time - c You fail to comply with the in-term covenant not to compete <u>You have 10 days to cure if</u> - a You fail to pay any of your debts to us, our affiliates or others - b You do not obtain personal covenants required under the Franchise Agreement - c You have an uncured default in any other agreement, including a mortgage or lease for the Restaurant - d You default under your lease or lose possession of the Accepted Location <u>You have 30 days to cure if</u> - a You do not maintain the required financial records - b You breach any other provision of your Franchise Agreement
h "Cause" defined – non-curable defaults	Section 20 2, State Addenda to Franchise Agreement	Except as modified by state law on notice to you - a You violate restrictions on use of Confidential Information or fail to obtain the required additional covenants - b You copy or permit anyone else to copy any part of the Manuals

Provisions	Section in Franchise Agreement	Summary
		c You (or any principal of a corporation, partnership, or proprietorship franchisee) are convicted of a felony, fraud, etc d You abandon the Restaurant e After curing a default you commit the same or similar default again within 12 months f You become insolvent, have unpaid judgments, subject to attachment proceedings or execution of levy or un-dismissed foreclosure g You violate any anti-terrorism law
i Your obligations on termination/nonrenewal	Section 21	a Stop using our Proprietary Marks, confidential information trade secrets, and Manuals b Immediately deliver to us all materials related to the System and your copies of any of the Manuals c Immediately cancel all assumed name registrations d Within 5 days, pay all sums owing to us and our affiliates e Immediately stop identifying yourself as our franchisee or former franchisee f Immediately comply with non-competition covenants in the Franchise Agreement g Stop using the telephone numbers listed in directories under the name "Thirsty Joe's" or any confusingly similar name h Immediately sign agreements necessary for termination i Allow us the right to take possession of your Restaurant if we so choose j Assign your Lease to us if we so elect k In 15 days, arrange with us for an inventory by us, at our cost of personal property, fixtures, equipment, inventory and supplies We will have the option for 30 days after termination or expiration to buy these at the fair market value (exclusive of goodwill)
j Assignment of contract by Us	Section 19 6	We can assign without your consent
k "Transfer" by you defined	Section 19 1	Any assignment, subfranchising sublicensing, sale transfer or share of (i) your rights under or interest in the Franchise Agreement (ii) the Restaurant or

Provisions	Section in Franchise Agreement	Summary
		any interest in it (iii) the Franchisee, if an entity (iv) any interest in a Franchisee entity, or (v) any interest in any entity that directly or indirectly controls a Franchisee entity
l Our approval of your transfer	Sections 19 1 (in general) Section 19 4 (related party transfer)	<u>Section 19 1- In General</u> Neither you nor other owners of the interests described in "k" above can transfer without first obtaining our written approval <u>Section 19 4- Related Party Transfer</u> You may transfer cumulatively up to a 49% (100% on your death or disability) interest in this Agreement to your spouse, your parent or your child or up to a 100% interest in this Agreement to any of the original guarantors to this Agreement (the 'Related Party')
m Conditions for our approval of transfer	Section 19 3 (third party transfers) Section 19 4 (related party transfers)	<u>Section 19 3- third party transfers</u> a You must give us at least 90 days' prior written notice of any proposed Transfer b You must pay all amounts you owe us and our affiliates c You have not, during the term of the Franchise Agreement been in default under the Franchise Agreement or any other agreement with us, or any of our designated suppliers without curing such default within the time period specified d Transferee and proposed Restaurant Manager must attend and successfully complete training before transfer, at transferee's expense e Transferee must meet our then-current requirements for new franchisees, including our requirements for proficiency in the English language f Transferee agrees to upgrade and remodel Restaurant to conform to our then-current standards for quality and appearance and trade dress g Transferee must sign our then-current Franchise Agreement, which may contain terms materially different than your Franchise Agreement. The term of new Franchise Agreement will expire on the date of expiration of your Franchise Agreement. h You and your guarantors and owners must sign a general release

Provisions	Section in Franchise Agreement	Summary
		i You must give us a copy of the signed assignment contract j You pay us a transfer fee equal to 50% of the then-current Initial Franchise Fee k You must comply with our right of first refusal <u>Section 19 4- related party transfers</u> a You give us prior written notice of the transfer b The related party assumes in writing the Franchise Agreement c You may not be in default under the Franchise Agreement d You pay us a transfer fee e You and your guarantors and owners must sign a general release
n Our right of first refusal to acquire your business	Section 19 5	We can match any offer for your Franchise Agreement your Restaurant the Franchisee if an entity any interest in a Franchisee entity, or any interest in an entity controlling a Franchisee entity
o Our option to purchase your business	Section 21 3 C	We may purchase your personal property, fixtures, equipment, inventory, and supplies for the Restaurant at the fair market value (exclusive of good will)
p Your death or disability	Section 19 2	Upon 1 year from your death or permanent incapacity you must transfer all rights and interests to buyer that we approve provided each person obtaining interest (i) is capable of conducting the obligations under the Franchise Agreement (ii) signs form personal covenants agreement and (iii) signs form personal guaranty
q Non-competition covenants during the term of the franchise	Section 18 4 A	No competing business in the U S You will not employ or seek to employ an employee of another franchisee or one of our employees, or attempt to induce the person to cease his or her employment without the prior written consent of the person's employer
r Non-competition covenants after the franchise is terminated or expires	Section 18 4 B	No competing restaurant for 24 months at the Restaurant location, within 10 miles of your Restaurant, or within 10 miles of any Thirsty Joe s restaurant

Provisions	Section in Franchise Agreement	Summary
s Modification of the agreement	Sections 2 2, 10 2 10 3, 25 2 and 25 3	No oral modifications but we can change the Manuals
t Integration/merger clause	Section 25 2	Only the terms of the Franchise Agreement and related agreements are binding (subject to state law) Any representations or promises outside of the Disclosure Document and Franchise Agreement may not be enforceable
u Dispute resolution by arbitration or mediation	Section 22 9	You must submit claims to mediation before you may bring suit in court Arbitration does not apply except as may be specified in State Addenda
v Choice of forum	Section 22 2	Subject to state law, lawsuit must be in Virginia
w Choice of law	Section 22 1	Subject to state law, Virginia law applies

ITEM 18 PUBLIC FIGURES

We do not currently use any public figure to promote our franchises

ITEM 19 FINANCIAL PERFORMANCE REPRESENTATIONS

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

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Derek Cha, Thirsty Joe's Franchising, LLC, 3300 W Cary St., Richmond, VA 23221 (804) 874-8440, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

Table No 1

Systemwide Outlet Summary
For Years 2015 to 2017

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2015	0	0	0
	2016	0	0	0
	2017	0	0	0
Company- Owned	2015	0	0	0
	2016	0	0	0
	2017	0	0	0
Total Outlets	2015	0	0	0
	2016	0	0	0
	2017	0	0	0

Table No 2

Transfers of Outlets From Franchisees to New Owners (Other than the Franchisor)
For Years 2015 to 2017

Column 1 State	Column 2 Year	Column 3 Number of Transfers
All States	2015	0
	2016	0
	2017	0
Total	2015	0
	2016	0
	2017	0

Table No 3

**Status of Franchised Outlets
For Years 2015 to 2017***

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations -Other Reasons	Outlets at End of the Year
Virginia	2015	0	0	0	0	0	0	0
	2016	0	0	0	0	0	0	0
	2017	0	0	0	0	0	0	0
Totals	2015	0	0	0	0	0	0	0
	2016	0	0	0	0	0	0	0
	2017	0	0	0	0	0	0	0

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

Table No 4

**Status of Company-Owned Outlets
For Years 2015 to 2017**

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
Virginia	2015	0	0	0	0	0	0
	2016	0	0	0	0	0	0
	2017	0	0	0	0	0	0
Totals	2015	0	0	0	0	0	0
	2016	0	0	0	0	0	0
	2017	0	0	0	0	0	0

Table No 5

Projected Openings as of December 31, 2017

State	Franchise Agreements Signed But Outlet Not Open	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
California	0	1	0
Virginia	0	1	0
Total	0	2	0

Exhibit D contains a list of the names of all current franchisees and the address and telephone number of each of their outlets

Exhibit E contains a list of the names, city and state and current business telephone number, or if unknown, the last known home telephone number of every franchisee who had an outlet terminated canceled not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during our most recently completed fiscal year or who have not communicated with us within 10 weeks of the Issuance Date of this Disclosure Document If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system

Confidentiality Clauses

During the last three fiscal years, no current or former franchisees have signed confidentiality clauses that restrict them from discussing with you their experiences as a franchisee in our franchise system

Franchisor Sponsored Trademark Specific Franchisee Organizations

We do not presently have but intend to institute a Franchisee Advisory Council ("FAC") when we reach about 10 franchised locations The details in regard to the governance of the FAC will be determined at the time of its establishment

Independent Trademark Specific Franchisee Organizations

We are not aware of any trademark-specific franchisee organizations associated with the franchise system being offered

ITEM 21
FINANCIAL STATEMENTS

Exhibit F contains our audited financial statements as of April 9 2018 Our fiscal year end is December 31

We have not been in business for three years or more and so can not include all financial statements required by this item

ITEM 22
CONTRACTS

The following contracts and related documents are attached to this Disclosure Document

EXHIBIT B THIRSTY JOE'S DRAFT HOUSE FRANCHISE AGREEMENT AND RELATED AGREEMENTS

Schedule A - Area of Protection, Schedule of Events and Ownership Schedule

Schedule B - Personal Covenants

Schedule C - Guaranty of Payment and Performance

Schedule D - State Law Addenda

EXHIBIT C RELEASE

ITEM 23
RECEIPT

Exhibit J contains two copies of an acknowledgment of your receipt of this Disclosure Document Please sign, date, and return one copy to us and retain the other for your records

EXHIBIT A
STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

STATE ADMINISTRATORS AND REGISTERED AGENTS

State	State Administrator	Agent for Service of Process
California	Department of Business Oversight Division of Corporations 320 West 4th Street Los Angeles, CA 90013 1515 K Street, Suite 200, Sacramento, CA 95814 1-866-275-2677	Department of Business Oversight Division of Corporations 320 West 4th Street Los Angeles, CA 90013
Connecticut	The Banking Commissioner The Department of Banking, Securities and Business Investment Division 260 Constitution Plaza Hartford, CT 06103-1800 Phone Number (860) 240-8299	The Banking Commissioner The Department of Banking, Securities and Business Investment Division 260 Constitution Plaza Hartford, CT 06103-1800 Phone Number (860) 240-8299
Hawaii	Commissioner of Securities of the State of Hawaii Department of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street Room 203 Honolulu HI 96813 (808) 586-2722	Commissioner of Securities of the State of Hawaii Department of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street Room 203 Honolulu HI 96813
Illinois	Office of Attorney General Franchise Division 500 South Second Street Springfield, IL 62706 (217) 782-4465	Illinois Attorney General Office of Attorney General Franchise Division 500 South Second Street Springfield IL 62706
Indiana	Secretary of State Securities Division 302 West Washington Street Room E-111 Indianapolis IN 46204 (317) 232-6681	Secretary of State Securities Division West Washington Street Room E-111 Indianapolis, IN 46204
Kentucky	Kentucky Attorney General 700 Capitol Avenue Frankfort Kentucky 40601-3449 (502) 696-5300	

Maryland	Office of the Attorney General Securities Commissioner 200 St Paul Place Baltimore MD 21202 (410) 576-6360	Maryland Securities Commissioner 200 St Paul Place Baltimore, MD 21202-2020
Michigan	Department of Attorney General Consumer Protection Division – Franchise Unit 525 W Ottawa Street G Mennen Building Lansing, MI 48913 (517) 373-7117	Department of Attorney General 525 W Ottawa Street G Mennen Building Lansing, MI 48913
Minnesota	Minnesota Commissioner of Commerce 85 7 th Place East Suite 280 St Paul, MN 55101-2198 (651) 539-1500	Minnesota Commissioner of Commerce 85 7th Place East Suite 280 St Paul MN 55101-2198
Nebraska	Nebraska Department of Banking and Finance 1200 N Street-Suite 311 Post Office Box 95006 Lincoln, Nebraska 68509 (402) 471-3445	
New York	NYS Department of Law Investor Protection Bureau 28 Liberty St 21 st Floor New York, NY 10005 212-416-8236	Attention New York Secretary of State New York Department of State One Commerce Plaza 99 Washington Avenue, 6th Floor Albany, New York 12231-0001 (518) 473-2492 Phone
North Dakota	Securities Commissioner North Dakota Securities Department 600 East Boulevard Avenue State Capital Fifth Floor, Dept 414 Bismarck ND 58505-0510 (701) 328-4712	Securities Commissioner North Dakota Securities Department 600 East Boulevard Avenue State Capital, Fifth Floor Dept 414 Bismarck, ND 58505-0510
Rhode Island	Department of Business Regulation Securities Division John O Pastore Complex 1511 Pontiac Avenue, Bldg 69-1 Cranston, RI 02920 (401) 462-9588	Department of Business Regulation Securities Division John O Pastore Complex 1511 Pontiac Avenue, Bldg 69-1 Cranston, RI 02920 (401) 462-9588

South Dakota	Division of Insurance Securities Regulation 124 South Euclid, Suite 104 Pierre, SD 57501 (605) 773-3563	Division of Insurance Securities Regulation 124 South Euclid, Suite 104 Pierre, SD 57501
Texas	Secretary of State Statutory Document Section P O Box 12887 Austin, TX 78711 (512) 475-1769	
Utah	Department of Commerce Division of Consumer Protection 160 East 300 South Salt Lake City, Utah 84111-0804 (801) 530-6601	
Virginia	State Corporation Commission Division of Securities and Retail Franchising 1300 E Main Street, 9 th Floor Richmond, VA 23219 (804) 371-9051	Clerk of the State Corporation Commission 1300 East Main Street 1st Floor Richmond, VA 23219
Washington	Securities Administrator Washington State Department of Financial Institutions 150 Israel Rd SW Tumwater, WA 98501 (360) 902-8760	Securities Administrator Washington State Department of Financial Institutions 150 Israel Rd SW Tumwater, WA 98501
Wisconsin	Wisconsin Department of Financial Institutions 345 West Washington Avenue Madison WI 53703 (608) 266-8557	Wisconsin Department of Financial Institutions 345 West Washington Avenue Madison, WI 53703

EXHIBIT B

**THIRSTY JOE'S DRAFT HOUSE® FRANCHISE AGREEMENT AND RELATED
AGREEMENTS**

**THIRSTY JOE'S DRAFT HOUSE® FRANCHISE AGREEMENT
BETWEEN
Thirsty Joe's Franchising, LLC
AND**

License Number
Restaurant Number

**THIRSTY JOE'S DRAFT HOUSE® FRANCHISE AGREEMENT
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Schedule A - Area of Protection, Schedule of Events and Ownership Schedule

Schedule B - Personal Covenants

Schedule C - Guaranty of Payment and Performance

Schedule D - State Law Addenda

THIRSTY JOE'S DRAFT HOUSE® FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (this "Agreement") is made as of the Effective Date on the signature page below between **Thirsty Joe's Franchising, LLC**, a Virginia limited liability company ("we," "us" or "our"), and _____, a _____ ("you" or "your")

You and we agree as follows

1 DEFINITIONS

In addition to the terms that are defined in other parts of this Agreement, the following terms have the indicated meanings

1.1 Accepted Location means _____

1.2 "Affiliate" or "Affiliates" of a named person or entity means any person or entity that is controlled by, controlling or under common control with the named person

1.3 Area of Protection means the area stated in Schedule A

1.3 Manuals mean our library of Standard Operating Procedures Manuals. We may add to, delete from, or modify the Manuals from time to time ("Supplements")

1.4 Marks means the mark Thirsty Joe's Draft House® together with the related logo(s) including designs, stylized letters, and colors that we permit you to use at the Accepted Location and in advertising for the Accepted Location, and any other additional or substituted trademarks, trade names, trade dress, service marks or logos that we later adopt and authorize you in writing to use. You agree to operate the Accepted Location only under the Mark and trade name Thirsty Joe's Draft House® and the designated logo or any other registered trademark as we require from time to time.

1.5 Opening Date means the date you begin selling Products from your Franchised Business (defined below) after receiving our approval to do so.

1.6 Owner means any person or entity owning an equity interest in you, and Owners means all persons or entities owning an equity interest in you, as identified in Schedule A.

1.7 Products mean Draft Beer, Wine, & Cider and Thirsty Joe's cuisine and other food products and beverages and related products and services we approve. When used alone, Products includes Proprietary Products and Non-Proprietary Products.

1.8 Standards means the guidelines, standards, specifications, rules, requirements, and directives we establish, including without limitation our standards and specifications as to recipes, ingredients, food and beverage preparation, food storage, interior and exterior design and decor,

sanitation, maintenance, and equipment We may add to, delete from, or modify the Standards from time to time and in any manner

1.9 System means our special techniques for packaging, displaying, merchandising, and marketing of food and beverage products, our methods of operating a restaurant, our advertising and marketing programs and materials, our operations and administrative systems, our training programs, and the Marks We may in our sole discretion add to, delete from, or modify the System from time to time and in any manner

2 GRANT OF FRANCHISE

2.1 Grant of Franchise Subject to the terms of this Agreement, we grant to you, and you accept, a non-exclusive franchise to operate one Thirsty Joe's Draft House restaurant (the "Restaurant") only at the Accepted Location using the Marks, under the System (collectively your 'Franchised Business')

2.2 Franchisor Rights to Vary System We have the right from time to time to modify any components of the System and requirements applicable to you by means of Supplements to the Manuals or otherwise, including, but not limited to, altering the products, services, programs, methods, standards, accounting and computer systems, forms, policies and procedures of the System, adding to, deleting from or modifying the products and services which your Franchised Business is authorized and required to offer, modifying or substituting the equipment, signs, trade dress and other Thirsty Joe's Draft House® Restaurant characteristics that you are required to adhere to (subject to the limitations set forth in this Agreement) and changing, improving, modifying or substituting for the Marks You agree to implement any such System modifications as if they were part of the System at the time you signed this Agreement

3 TERM AND RENEWAL

3.1 Initial Term This Agreement will begin on the Effective Date and will end 20 years after the Opening Date (the "Term"), subject to earlier termination as stated in this Agreement

3.2 Renewal We may grant you one additional 20-year term (the "Renewal Term") To obtain the Renewal Term, you must request in writing, that we grant you a Renewal Term We must receive your request no earlier than 12 months but no later than 6 months before the expiration of the Term We will then provide you with an Application for Renewal which you must complete and return to us within 10 days after we deliver it to you

A We will evaluate your Application for Renewal under substantially the same standards as we evaluate an application for a franchise submitted by a then-new franchisee In addition, you must (i) at all times during the Term have been in substantial compliance with this Agreement and (ii) agree in writing that before the Renewal Term begins, you will make the significant capital expenditures necessary to materially remodel, refurbish and renovate (collectively 'Remodel') the Restaurant, including without limitation the Restaurant's internal and external construction,

design, furniture, fixtures, equipment (including point-of-sale hardware and related software), and decor so that the Restaurant reflects our then-current Standards

B If we grant your Application for Renewal you must (i) Sign and return our then-current form of franchise agreement (the "Renewal Agreement") within 30 days after we deliver it to you and pay a renewal fee equal to 10% of the amount of the then-current Initial Franchise Fee (defined below) You agree that the Renewal Agreement may contain terms that differ materially from this Agreement (ii) Sign a general release in a form we prepare, releasing us and our parents subsidiaries, and affiliates and the respective directors, officers, owners shareholders partners, members, representatives, employees, agents, attorneys, contractors, predecessors, successors, heirs and assigns of each of the foregoing (in their corporate and individual capacities) (collectively, the "Affiliated Parties"), from all claims you may have against the Affiliated Parties as of the date of the Renewal Agreement Your Owners and guarantors must also sign the general release required in the previous sentence Affiliated Parties is not intended to include suppliers or distributors to you that are not affiliated with us and are not acting as our agent We may also require you to relocate your Restaurant if we find that the Accepted Location does not meet our then current standards at the time we consider your Application for Renewal

C If you do not timely deliver all of the notices and documents this Section requires you may not renew your franchise and the renewal provisions in this Section will expire automatically and without further notice to you

4 FEES

4.1 Initial Franchise Fee When you sign this Agreement you will pay us an initial franchise fee of \$30,000.00 (the "Initial Franchise Fee") When we sign this Agreement the Initial Franchise Fee is fully earned and nonrefundable

4.2 Royalty, Advertising Contribution

A You must pay a recurring, non-refundable royalty fee of 5% of Net Sales (as defined below) (the "Royalty") during the term of this Agreement payable each week on the Net Sales of the Franchised Business for the preceding week (or on any other basis stated in the Manuals or in our written notice to you) Concurrent with these payments, you must submit to us any reports or statements required under Section 17

B You must pay a recurring, non-refundable national advertising contribution (the "Advertising Contribution") in an amount we determine, in our sole discretion not to exceed 4% of the Net Sales of the Franchised Business payable each week, for the preceding week (or on any other basis stated in the Manuals or in our written notice to you) The Advertising Contribution will be in addition to, and exclusive of, any sums that you may be required to spend on a local advertising cooperative as set forth in Sections 4 C and 12.6 below and on local advertising, marketing and promotion as set forth in Section 12.9 below which together constitute an additional 1.5% of the Net Sales of the Franchised Business The Advertising Contribution also will be in

addition to, and exclusive of, any sums that you may be required to spend on grand opening advertising as set forth in Section 12.3 below

C We have the right, in our sole discretion, to designate geographic areas (that may be television markets) or to group together areas or Restaurants having similar characteristics and similar advertising and marketing needs in order to establish advertising cooperatives ("Advertising Cooperatives") to assist with local and regional advertising and marketing programs. You will become a member of the Advertising Cooperative designated for the location of the Restaurant, if any, even if you are the only member. You will contribute to the Advertising Cooperative in accordance with the rules and procedures the Advertising Cooperative establishes (the "Member Contribution"). Your Member Contribution to the Advertising Cooperative will be not more than 2% of the Net Sales of the Franchised Business payable each week for the preceding week (or on any other basis stated in the Manuals or in our written notice to you)

D For the purposes of this Agreement, the term "Net Sales" means all revenues generated by your Franchised Business conducted from or with respect to the Franchised Business, whether sales are evidenced by cash, check, credit, charge, account, barter, or exchange. Net Sales includes, without limitation, monies, gift card redemptions or credit received from the sale of food, beverages and merchandise, from tangible property of every kind and nature, promotional or otherwise, and for services performed from or at the Franchised Business, including without limitation off-premises services such as catering and delivery, or on-premises activities such as games (e.g., slot machines), third party advertising (e.g., on menus), or other activities that use either the Thirsty Joe's Draft House brand, the System, Marks, or products that are the same as or similar to the Products. Net Sales will not include the initial sales or reloading of gift cards, coupon discounts, the sale of food or merchandise for which refunds have been made in good faith to customers, the discounted portion of employee meals, or the sale of equipment used in the operation of the Franchised Business, nor will it include sales, meals, use or excise tax imposed by a governmental authority directly on sales and collected from customers, provided that the amount for the tax is added to the selling price or absorbed therein and is actually paid by you to a governmental authority.

4.3 Additional Payments You also must pay us or our affiliates within 10 days after demand: (i) all sales taxes, corporate taxes, and any like taxes imposed on, required to be collected by, or paid by us on your behalf, on account of products or services we furnish to you, through sale, lease, or otherwise; or on account of our collection of any fee related to this Agreement, (ii) all franchise or like taxes, whether based on gross receipts, gross revenues, Royalty, Advertising Contribution, or otherwise, imposed on, required to be collected by, or paid by us; and (iii) all other amounts we pay or must pay for you for any reason.

4.4 Means of Payment You must pay all amounts you owe us by electronic funds transfer or draft or as we specify in the Operations Manual. If an electronic transfer is declined, you must pay to us a \$35 administrative fee, interest, and any costs we incur. We may make bank drafts based on the reports required under Section 17 and/or the data of the point-of-sale system and other equipment provided for in Section 15.10. If you fail to report the Net Sales of the Franchised Business to us for any reporting period as required in this Agreement, we have the right to make bank transfers or drafts for Royalty and Advertising Contribution based on our reasonable estimate.

of the amounts for the Restaurant and/or the data of the point-of-sale system and other equipment provided for in Section 1.5.10

4.5 Interest You will pay us interest on amounts not paid on time to us or our affiliates at the rate of 1.0% per month or portion of a month but not more than the maximum interest rate permitted by applicable laws

4.6 Application of Funds, Withholding of Payments If you are late in paying any obligation you owe us or our affiliates, we or our affiliates may apply any payment you make to any obligation you owe us or our affiliates, whether or not you make any designation to the contrary. You will not withhold or set off payment of any amount you owe us or our affiliates on grounds of alleged non-performance of any obligation we or they owe you

4.7 Updating, Relocating, or Reconstructing If you request our services to assist you with updating, relocating, or reconstructing your Restaurant, you must pay our expenses and our fee for our time currently \$40 per hour or \$400 per day

4.8 Technology Training You will have a continuing obligation to keep pace with technology. If we offer technology training on changes in technology, you must pay our expenses and our fee for our time, currently \$40 per hour or \$400 per day

4.9 Electronic Learning Management System If we implement an Electronic Learning Management System for employee training, you must pay us or a third-party vendor a fee/cost for the system. We estimate the fee to be \$500-\$750 annually

5 AREA OF PROTECTION AND RESTAURANT LOCATION

5.1 Area of Protection Except as otherwise provided in this Agreement during the Term of this Agreement, we will not establish or operate, nor license any other person to establish or operate a Thirsty Joe's Draft House restaurant selling the Products at any location within the Area of Protection. We retain the following rights, among others, on any terms we deem advisable, and without granting you any rights

A We may produce and sell Products or any other products or services, and authorize others to produce and sell Products or any other products or services, to any party, in any location, through any channel of distribution including without limitation to and through supermarkets, convenience stores, club stores and other retail facilities not dedicated to the sale of the Products, or any other channel including mail order sales and sales through the Internet using the Marks, the System and any other marks and/or systems, we desire, without providing any rights or compensation to you

B We may open and operate and franchise others to open and operate retail outlets at any location within or outside the Area of Protection, including near your Accepted Location using the Marks and selling the Products at limited access and captive audience facilities, separate areas, concession departments and other types of institutional accounts (which may include without

limitation, airports bus and railroad terminals, other public transportation facilities, sports arenas and stadiums, highway rest stops, gasoline service stations amusement centers museums supermarkets convenience stores department stores enclosed malls, food courts, hospitals and other health care facilities, parks, universities and education facilities theaters schools, art centers, convention centers, casinos, military bases office buildings, business complexes apartment buildings, condominiums dormitories, other high density locations and other similar non-restaurant locations) (collectively, "Non-Traditional Outlets"), without providing any rights or compensation to you

C We may acquire or be acquired by another business, and the other business may open and operate and franchise others to open and operate, businesses similar to the Franchised Business (i) at any location outside the Area of Protection or at Non-Traditional Outlets in the Area of Protection (including near the Accepted Location) using the Marks and selling the Products, through restaurants that are the same as or similar to restaurants of the type described in Section 2.1 of this Agreement without providing any rights or compensation to you, and (ii) at any location in the Area of Protection using marks other than the Marks and selling products similar to the Products, through restaurants that are the same as or similar to restaurants of the type described in Section 2.1 of this Agreement without providing any rights or compensation to you. We have the right to conduct test marketing to determine among other things, consumer trends and the ability to sell new food or non-food products and services. Except as provided in this Section 5, this Agreement does not grant you any other area, market, territorial franchise or other rights. We reserve all rights related to the System that we do not expressly grant you in this Agreement. The essence of this Section 5 is that we and our affiliates may and may authorize others to engage in many business activities, including near your Accepted Location and these business activities may compete with the Restaurant.

5.2 No Marketing Exclusivity You agree that (i) nothing in this Agreement grants you any marketing exclusivity as to particular customers and (ii) we and other Thirsty Joe's Draft House franchisees may solicit customers in, and service customers who are from, any geographic location we or they desire, including close to your Franchised Business.

5.3 Catering and Delivery Services You may provide catering and delivery services within a reasonable distance from the Accepted Location not to exceed 25 miles from the Accepted Location, within or outside the Area of Protection. You must provide any catering and delivery services in accordance with the terms of the Manuals and this Agreement. Subject to the 25 mile maximum mileage restriction, you may provide catering and delivery services in the territories of other Thirsty Joe's Draft House franchisees and other Thirsty Joe's Draft House franchisees may provide the same services in the Area of Protection. We retain the right to revise and/or make exceptions to these policies as they apply to you and other franchisees.

6 SITE SELECTION REQUIREMENTS

6.1 Accepted Location You must establish and operate the Restaurant only at the Accepted Location. You will not conduct, and you will not permit the conduct of, any business from the Restaurant other than the Franchised Business. You will not conduct, and you will not permit the conduct of a satellite location without our prior written consent and, if we consent, you will have to execute a separate agreement concerning your operation of the satellite location. "Satellite" location means a retail location within the Area of Protection, other than your Accepted Location, at which we may authorize you to engage in certain, but not all, of the activities contemplated by this Agreement. You must obtain our prior written consent if you wish to co-brand the Franchised Business with another business. You must comply with all Standards for the type of Restaurant franchised under this Agreement, as stated in the Manuals described in Section 10 of this Agreement or otherwise.

6.2 Our Assistance We may assist you in selecting a proposed site for your Restaurant (a "Proposed Site") but we are not obligated to do so. Our acceptance of any Proposed Site is our agreement that the Proposed Site satisfies our minimum site selection criteria only and will not be construed as a representation or warranty that the Restaurant located at the Proposed Site will be successful.

6.3 Location Not Accepted at Time of Signing If you and we have not agreed on an Accepted Location at the time we sign this Agreement, you will select a proposed location ("Proposed Location") that complies with our site selection criteria. You will provide us with all material we request to evaluate the suitability of the Proposed Location for your Restaurant along with a site plan for the Proposed Location. We will provide you with our acceptance or non-acceptance of the Proposed Location within 15 days after you deliver the last item of material we request, and our determination will be final. If we accept the Proposed Location as the Accepted Location, we will designate, in our sole discretion, the Area of Protection for the Restaurant that will operate at the Accepted Location and you must sign standard documentation we prepare, which includes a general release to document the Accepted Location and Area of Protection. You will have 150 days following the Effective Date to identify the Accepted Location and sign any documentation we require to document the Accepted Location and Area of Protection, obtain our acceptance of the Accepted Location, and to obtain a fully signed lease, sublease, or other rental agreement for the location ("Lease") that complies with the requirements in Section 6.4 B below. For a timeline stating these deadlines, see Schedule A: Area of Protection, Schedule of Events and Ownership Schedule. If you do not secure an Accepted Location within the time limits and as stated in this Section, we may terminate this Agreement. If you sign multiple franchise agreements with us at the same time you sign this Agreement, we may, in our sole discretion, modify the development deadlines in Schedule A to allow you additional time to develop the Accepted Location. You should undertake your own investigation of the Proposed Location and should not rely on any information from us in selecting the Proposed Location.

6.4 Accepted Location Lease If you intend to lease the Accepted Location, you must deliver a copy of the unsigned Lease to us with all material terms specified therein and any other documents you are required to sign with the Lease, either (1) after we sign this Agreement if we

have accepted the location before we sign this Agreement, or (ii) immediately following the date we accept the location after we sign this Agreement. Our acceptance of the Accepted Location does not constitute our acceptance of the Lease and such acceptance of the Accepted Location remains contingent on our acceptance of the Lease. You must obtain our acceptance of the Lease prior to its execution provided however we will have the right but not the obligation to review your Lease prior to our acceptance for the purpose of ensuring the Lease meets the requirements of this Section 6.4. If we accept the Lease, you can execute the Lease, provided you have complied with all other terms of this Agreement applicable to the Lease including this Section 6.4. If we do not accept the Lease, we will notify you and provide you with an explanation. Our acceptance of any Lease will not be construed as a representation or warranty that the Lease is reasonable or on favorable terms. Once the accepted Lease is fully executed, you must send us a copy for our records.

A. If you lease or sublease the Accepted Location (i) you may not create any obligations on our behalf, grant any rights against us or agree to any other term that is inconsistent with any term of this Agreement, (ii) you will duly and timely perform all terms under the Lease, and (iii) except as otherwise provided in this Agreement, you will not assign, encumber or transfer the Lease, or sublet all or any part of the Accepted Location, without our prior written approval, which approval will not be unreasonably withheld.

B. You must ensure that all Leases or other agreements you enter into to secure the Accepted Location comply with the terms set forth in the Manuals and at a minimum, must include (i) a provision which requires the landlord concurrently to provide us with a copy of any written notice of breach or default under the Lease sent to you, and which grants to us the right (but not the obligation) to cure any breach or default under the Lease, should you fail to do so, within 15 days after the expiration of the period in which you may cure the breach or default, (ii) a provision that provides that upon your default under the Lease or under this Agreement, we will, without the landlord's further consent, have a continuing right of entry into the Restaurant, the right to operate a Thirsty Joe's Draft House restaurant at the Accepted Location the right but not the obligation to assume your interests under the existing terms conditions and covenants of the Lease, and should we assume your position under the Lease, the right to assign the Lease or sublet the premises to a third party which will operate a Thirsty Joe's Draft House restaurant at the location (iii) a provision that provides that the Lease may not be modified or amended without our written consent which will not unreasonably be withheld, conditioned or delayed by us, and (iv) a provision that provides that if we assume your obligations and replace you as the lessee under the Lease or sign a new lease, and we later reassign the Lease or new lease to another Thirsty Joe's Draft House franchisee we will not be liable for any obligations to landlord under the Lease or new lease after the reassignment.

C. You will use your reasonable commercial efforts to ensure that all Leases or other agreements you enter into to secure the Accepted Location include the following terms (i) a provision that allows you to offer or distribute product samples outside or over the counter of the Restaurant, (ii) a provision that provides that upon expiration or termination of this Agreement for any reason if the Lease has not expired or been terminated, we will have the right, but not the obligation, to cure any defaults under the Lease within a reasonable time (not to exceed 15 days for monetary defaults and 30 days for non-monetary defaults), and the right, but not the obligation,

at our election and on written notice to the landlord (given within 30 days after the expiration or termination of this Agreement) either (a) to assume your interests under the existing terms conditions and covenants of the Lease, or (b) to have another franchisee assume your interests under the existing terms conditions and covenants of the Lease, and (iii) a provision that provides that upon default or termination of the Lease, we are given the right to remove Proprietary Products and trademarked items

D Any and all modifications and amendments to the Lease are subject to our approval which will not be unreasonably withheld You must deliver a copy of any proposed modification or amendment to us, along with a true and complete copy of the then-existing Lease, not less than 10 days prior to the proposed effective date of such modification or amendment We will notify you whether we approve of the proposed modification or amendment If approved and subsequently signed, you must provide us with a signed copy of the signed modification or amendment

6.5 Governmental Approvals and Licenses You must promptly seek and obtain all governmental approvals and licenses required to open and operate the Restaurant

6.6 Relocation of the Restaurant

A You may request to relocate the Restaurant If we approve your request and you obtain our written acceptance for the new location, you will relocate the Restaurant If you relocate the Restaurant in compliance with this Section, the new location will be the "Accepted Location" as used in this Agreement and we will specify an Area of Protection for the new location All Leases and other agreements you enter into to secure the substitute location must comply with Section 6.4 of this Agreement

B If you sign a new franchise agreement in connection with any relocation of the Restaurant under this Section 6.6 you will sign our then-current form of franchise agreement to replace this Agreement and the new franchise agreement will expire on the expiration date of your lease for the new location (the "New Term") If that date falls within the Term of this Agreement, you will not pay another initial franchise fee and the Royalty and Advertising Contribution percentages will remain the same as in this Agreement If the New Term expires after the expiration date of the Term of this Agreement, then you must pay another initial franchise fee equal to \$1,500 multiplied by the number of years between the expiration date of the Term of this Agreement and the expiration date of the New Term and after the expiration date of the Term of this Agreement the Royalty and Advertising Contribution percentages will be changed to that stated in our then-current form of franchise agreement

7 LEASEHOLD IMPROVEMENTS

7.1 Leasehold Improvements You must hire a licensed and insured general contractor (‘General Contractor’) to complete the build-out of your Restaurant, and the General Contractor must be accepted by us. Our acceptance of your general contractor will not in any way be our endorsement of your General Contractor or render us liable for your General Contractor’s performance. With the exception of certain equipment that you must purchase from suppliers we designate or approve, you may purchase the required items from any source, if we determine that the items comply with our Standards. You must purchase certain items of machinery and equipment from our designated consolidators or as we otherwise direct. The designated consolidators will coordinate the ordering and delivery of your machinery and equipment. You may request a waiver of the requirement that you use our designated consolidators if you can demonstrate that you can successfully manage the process of ordering and obtaining your machinery and equipment. Our granting of approval for any requested waiver will not be unreasonably withheld.

7.2 Architectural Plans We will provide you with a sample layout for the interior of a typical Thirsty Joe’s Draft House restaurant and specifications for furniture, fixtures, equipment, and decor. You must, at your expense and subject to our acceptance, employ architects, designers, and others as necessary to prepare your plans, modify or complete the layouts, renderings, plans, and specifications, which must include interior and exterior elevations of the Accepted Location (the ‘Architectural Plans’). Our approval of your architect will not in any way be our endorsement of your architect or render us liable for your architect’s performance or your architect’s compliance with professional design standards or adherence to local codes.

A. You will submit to us, by the deadline set forth in Schedule A, a complete set of final Architectural Plans. We will promptly review the Architectural Plans and will either approve the Architectural Plans or provide comments to you on changes we require. You will not begin construction of the Restaurant until we have approved the final Architectural Plans in writing.

B. You will, before we approve the Architectural Plans, have your architect or you certify to us that the Architectural Plans comply with the Americans with Disabilities Act (the ‘ADA’), the architectural guidelines under the ADA, and all other federal, state, and local statutes, rules, regulations, ordinances, and codes that apply to the Restaurant.

7.3 Construction, Inspection, and Opening You must begin the construction and equipping of the Restaurant (‘Construction Start’) by the deadline set forth in Schedule A. You must use a General Contractor to perform construction work at the Restaurant, and you must furnish us with all documents we request related to construction. Our acceptance of your General Contractor will not in any way be our endorsement of your General Contractor or render us liable for your General Contractor’s performance. You must obtain our written approval of any changes to the Architectural Plans before you implement the changes. We will have access to the Restaurant while work is in progress and on its completion. On completion of construction and before the Opening Date, you or any architect and General Contractor you employ will provide us with a certificate stating that the as-built plans for the Restaurant comply with the ADA, the architectural guidelines under the ADA, and all other federal, state, and local statutes, rules, regulations, ordinances, and

codes that apply to the Restaurant. You will make any modifications we deem necessary to bring the Restaurant into compliance with the Architectural Plans, and you will promptly make these modifications. We may not allow the Restaurant to open if it does not conform to the final Architectural Plans and changes we approved.

7.4 Signage All exterior and interior signage you use for the Restaurant must conform to our Standards, including our Standards as to type, color, size, design, and location. We may require you to use our designated sign vendor to ensure proper use of our Standards. You must obtain our written approval before you install or display any signage. You must use a signage vendor that we approve in writing.

8 PROPRIETARY PRODUCTS AND NON-PROPRIETARY PRODUCTS

8.1 Proprietary Products, Non-Proprietary Products, Services and Equipment The "Proprietary Products" are all Products, ingredients, flavorings, and other products, services, and equipment that now comprise, or that in the future may comprise, a part of our System that we developed, are proprietary to us or we keep secret. The "Non-Proprietary Products" includes all non-Proprietary ingredients, flavorings, components, and other edible items sold as part of the end products we offer for consumption to the retail purchaser. A list of the Proprietary Products and Non-Proprietary Products is included in the Manuals.

A. As we designate, you must purchase from us or our designated supplier and/or distributor ("Supplier") your entire requirement (or lesser amount we may designate), of the Non-Proprietary Products, other products, services, and equipment used in the Franchised Business (collectively, the "Specified Items") and Proprietary Products. These purchase requirements may take the form of purchasing programs, arrangements and/or contracts we negotiate and/or specify.

B. If we sell the Specified Items and/or Proprietary Products to you, we will do so at the same price as we charge similarly-situated franchisees. If we arrange for manufacturers to sell the Specified Items and/or Proprietary Products directly to our designated suppliers who then sell them to you, then we will have the right to receive compensation or other consideration from the manufacturers for these sales.

C. If you are in default under this Agreement, then all obligations we and our designated suppliers may have to sell you Specified Items and/or Proprietary Products will abate, and you will not, as a result, have a defense at law or equity based on impossibility of your performance or any claim against us or our designated suppliers.

D. If we or our designated suppliers are unable to supply you with the quantity and type of Specified Items and/or Proprietary Products you request, we will exert reasonable commercial efforts to allocate, or to cause our designated suppliers to allocate, the Specified Items and/or Proprietary Products available on an equitable basis among the businesses that seek to purchase Specified Items and/or Proprietary Products.

8.2 Requirements Concerning Specified Items

A If we have not designated a supplier for any of the Specified Items, we may provide that such Specified Items may be obtained by you from any supplier you select that has been approved by us as a permitted supplier or distributor in accordance with this Section. Approval of permitted suppliers will occur if we confirm that such a supplier or distributor satisfies our Standards governing the minimum specifications for the Specified Items.

B When approving any permitted supplier, we will exercise our approval of suppliers reasonably in accordance with the following procedures: (i) you must submit a written request to us for approval of the supplier, (ii) the supplier must demonstrate that it is able to supply the item to you in accordance with our Standards including our standards as to the artwork and text on the items, (iii) if the supplier is to receive access to any of our confidential information, trade secrets or logos, the supplier must sign a confidentiality agreement or our standard form license agreement we prepare, (iv) the supplier must pay our then-current supplier evaluation fee, (v) the supplier must demonstrate that it is in good standing in the business community with respect to its financial soundness and the reliability of its products or services, and (vi) the supplier must sign all agreements we require our suppliers to sign at that time. For the protection of our trade secrets, the specifications for Proprietary Products will not be disclosed to other third parties. We reserve the right to test, analyze, inspect, or sample the product, service, or equipment of any supplier you propose using at your expense, whether we approve or reject the supplier. We will give you notice of our approval or rejection within a reasonable time. If we revoke approval of any supplier, we will give you written notice.

C You may purchase certain paper and plastic products bearing the Marks, such as dishes, cartons, bags, napkins, and packaging supplies, from us or a specified supplier we authorize, or from a permitted supplier, if we have approved the supplier as a permitted supplier.

8.3 Products You Sell You will produce and sell all Products we specify, including without limitation all menu items and other products and services that we require you to sell as stated in the Manuals or otherwise, and that are part of the System. You will not produce or sell any Products or other products or services (i) that we do not authorize you to produce or sell, or (ii) that we direct you not to produce or sell. You must prepare all Products you produce and sell in compliance with our Standards, using only those Non-Proprietary Products that meet our Standards. This means that you may use only those Product components, ingredients, flavoring, and garnishes that meet our then-current Standards.

8.4 Limitations You will only engage in the sale of Products under the System from the Restaurant to the ultimate consumer. You will not offer for sale, sell, or deliver any Proprietary Product, Non-Proprietary Product, or any constituent part of any Proprietary Product or Non-Proprietary Product, nor will you supply to a third party for resale, retail sale, or further distribution without our prior written consent. You may not sell Products thru the Internet or using any channel of distribution other than your Restaurant. This Section does not preclude you from using a website page that (i) is located on our website, (ii) we have approved, and (iii) complies with the Manuals for marketing, catering and delivery services.

8.5 Disclaimer of Warranties WE AND OUR AFFILIATES EXPRESSLY EXCLUDE AND DISCLAIM ALL IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE WITH RESPECT TO ALL PROPRIETARY PRODUCTS, NONPROPRIETARY PRODUCTS, AND OTHER PRODUCTS, SUPPLIES, SERVICES, AND EQUIPMENT (A) WE OFFER, SELL, OR REQUIRE FOR YOUR FRANCHISED BUSINESS, OR (B) OUR AFFILIATES OFFER, SELL, OR REQUIRE FOR YOUR FRANCHISED BUSINESS (COLLECTIVELY, PRODUCTS IN (A) AND (B) ARE REFERRED TO AS "SOURCED PRODUCTS") YOUR EXCLUSIVE REMEDY AND OUR AND OUR AFFILIATES' EXCLUSIVE LIABILITY FOR ALL CLAIMS AS TO ANY SOURCED PRODUCTS IS (I) LIMITED TO YOUR REMEDIES AGAINST THE GIVEN THIRD PARTY SUPPLIER, MANUFACTURER OR DISTRIBUTOR (WHICH SHALL NOT INCLUDE OUR AFFILIATES) FOR ANY OF THE SOURCED PRODUCTS THEY PROVIDE, AND (II) FOR ANY OF THE SOURCED PRODUCTS THAT WE OR OUR AFFILIATES PROVIDE, LIMITED TO THE PURCHASE PRICE THEREFOR PLUS SHIPPING COSTS, IF ANY, YOU PAID OR, AT OUR OR OUR AFFILIATES' OPTION, THE REPLACEMENT THEREOF. WE OR OUR AFFILIATES WILL NOT BE LIABLE FOR SPECIAL, INCIDENTAL, INDIRECT, CONSEQUENTIAL, MULTIPLIED, EXEMPLARY, OR PUNITIVE DAMAGES, WHETHER OR NOT CAUSED BY OR RESULTING FROM OUR OR OUR AFFILIATES' NEGLIGENCE, FOR ANY MATTER STATED IN THIS SECTION. This disclaimer of warranties does not affect any claims you may have against third party manufacturers or distributors of any Sourced Products.

9 COMPLIANCE WITH STANDARDS

9.1 Compliance with Standards You must comply with our Standards. All references herein to this Agreement and the System include the Standards.

9.2 Changes to the Standards We will communicate changes in the Standards in writing or electronically to you, as we deem appropriate. Changes in the Standards may obligate you to invest additional capital in the Franchised Business and incur higher operating costs.

9.3 Variances You agree that complete uniformity under many varying geographic and other conditions, and over extended spans of time, is not practical and may be detrimental to the System, and that as a result: (i) we may vary the Standards for any franchisee as we deem necessary; (ii) we may grant franchises using the System under terms that may differ materially from the terms of this Agreement; and (iii) our obligations and rights with respect to our various franchisees may differ materially from our obligations and rights with respect to you, without in any way affecting our rights with respect to you. You will have no right to require that we disclose any variation to you or that we grant you the same or a similar variation.

10 STANDARD OPERATING PROCEDURES MANUALS

10.1 Manuals We own the Manuals for the System. We may lend you one hard copy and will grant you electronic access to the Manuals during the Term.

10.2 Supplements to the Manuals We may modify the Manuals from time to time in any form or fashion. You agree to abide by the Manuals as modified from time to time.

10.3 Operation To the extent we prepare any Manuals, you will operate the Restaurant in compliance with the Manuals, including without limitation all operational requirements, procedures, policies, methods, standards, specifications and systems in the Manuals applicable to the type of Restaurant franchised under this Agreement. You will immediately adopt and use any Supplements to the Manuals. If any content of the Manuals conflicts with the terms of this Agreement, this Agreement will control.

10.4 Master Copy If there is any dispute as to your compliance with the Manuals, the master copy of the Manuals we maintain will control.

10.5 Ownership To the extent we prepare any Manuals, you agree that we own all proprietary rights in and to the System and the Manuals. The Manuals will at all times remain our property and you and all your directors, officers, shareholders, partners, members, employees, agents, independent contractors, and others who gain access to the Manuals and the information contained in the Manuals will treat the Manuals and the information in the Manuals as our confidential information.

11 INTELLECTUAL PROPERTY

11.1 Non-Ownership You acknowledge that we own all right, title and interest in a number of trademarks licensed to you including but not limited to those Marks as listed in any Manuals. You recognize and acknowledge the validity and enforceability of the Marks or any other marks that we may develop and that we alone maintain ownership of all right, title and interest in and to the Marks and the goodwill associated therewith. You shall not acquire nor claim any right, title or interest in or to the Marks or any other of our intellectual property as a result of the rights granted herein. You shall not file any copyright, trademark, or other application anywhere in the world to register, in whole or in part, any of the Marks or any materials created by you as a result of the rights granted herein, including but not limited to packaging, promotion, marketing, advertising materials, and/or anything bearing the Marks or any marks confusingly similar thereto. Any and all benefits arising from your use of the Marks shall inure exclusively to our benefit. You shall not during the Term or thereafter attack or dispute our ownership or the validity of the Marks or assist any other person who is. You will immediately assign to us on our request any goodwill or rights to the Marks that you may gain through your use of the Marks.

11.2 Use of Marks We required you to use the Marks as the sole identification of the Franchised Business. You will not use the Marks in connection with any business other than the Franchised Business. You will not use any Mark as part of your corporate, trade or business name or with any

prefix suffix, or other modifying words, terms, designs, or symbols, or in any modified form, nor will you use any Mark in connection with any product or service or in any place, or in any manner, that we have not authorized in writing. You will give notices of trademark and service mark registrations related to the Marks as we specify in any of our Manuals. You will conspicuously identify yourself and the Restaurant in all dealings with your customers, contractors, suppliers, public officials and others, as an independent franchisee, in the fashion that we specify. We may enter the Restaurant, at any reasonable time and without causing any undue business disruption, to correct or terminate any unauthorized use of the Marks.

11.3 Modification of the Marks If it becomes advisable at any time, in our sole discretion, for us to modify or discontinue use of any of the Marks and/or use one or more additional or substitute trade names, trademarks, service marks or other commercial symbols, you will comply with our directions within a reasonable time after notice to you. We will have no liability or obligation whatsoever with respect to your modification or discontinuance of any of the Marks.

11.4 Defense of Marks You must promptly notify us of any suit filed or demand made against you challenging the validity of any of the Marks ("Mark Claim"). Using our attorneys, we agree to protect and defend you against a Mark Claim, and to defend and indemnify you against your loss, cost or expense related to the Mark Claim except where the Mark Claim arose because you used the Marks in violation of this Agreement. You may not settle or compromise a Mark Claim without our prior written consent and you agree to cooperate with us in defending against a Mark Claim.

11.5 Domain Name and Internet Use You will not (i) register a domain name to be used in connection with the Restaurant or that contains the Marks or any words or designations similar to the Marks, (ii) establish a website on the Internet using any domain name that contains the Marks or any words or designations similar to the Marks or (iii) use a search engine keyword or metatag in connection with the Restaurant or operation of the Restaurant or (iv) register an email address that contains the Marks or any words or designations similar to the Marks without our prior written consent. If we consent, we will register all domain names email addresses or websites that contain the Marks or any words or designations similar to the Marks, and then license use of the registered item back to you under a separate agreement. You must pay all costs due for registration maintenance and renewal of domain name(s) and website(s). We retain the right to pre-approve your use of linking and framing between your web pages and all other websites. We retain the ownership of copyright to any of the materials that you may develop for use on the Internet. You must comply with our standards and procedures for domain names and websites as set forth in the Manuals.

11.6 Copyrights We claim copyrights on certain forms, advertisements images art, photography, promotional materials, and other written materials. We also claim copyrights and other proprietary rights in any Manuals (and the modifications we make to it periodically). We also claim copyrights in our building designs, architectural renderings and construction plans. You will not contest our rights to the current or future System and any copyrighted materials, nor our right to grant to others use of the copyrights that we own or may develop. You acknowledge and agree that the copyrights are and will remain our property, and that your use of the copyrights inures to our benefit. You will immediately assign to us upon our request any rights to the

copyrights of any related derivative works or materials you develop (including any materials you use on the Internet) that you may obtain through your use of our copyrights

11.7 Items You Develop You assign to us, permanently and irrevocably, for incorporation into the System and for any other use we desire, full rights to all of the following if developed by you or for you during the Term, without payment of any compensation to you (i) any new menu based items submitted, (ii) any derivative intellectual property, products, programs techniques equipment, services related in whole or in part to the Restaurant operation, your rights under this Agreement (whether or not permitted), Manuals, System and/or Section 11.7(i), and (iii) variations, modifications and/or improvements related in whole or in part to the Restaurant operation Manuals, System and/or Section 11.7(i)

12 ADVERTISING AND PROMOTION

12.1 Advertising Standards You will use only advertising and promotional materials that we have furnished or approve in writing in advance. You will conform all advertising to our Standards.

12.2 Submission of Proposed Materials Except for advertising or promotional materials, we furnish to you, you must submit to us for our written approval, before use copies of all proposed advertising and promotional materials, of all form and formats, including without limitation sponsorships, business cards, signs, displays press releases, leaflets, mailouts, newspaper electronic, radio and television advertising, and specialty and novelty items.

12.3 Grand Opening Advertising You must spend at least \$10,000 in grand opening advertising promoting the opening of your Restaurant within 4 weeks before you open the Restaurant and within 8 weeks after the Opening Date (collectively, the "Grand Opening Obligation"). All materials you use for the Grand Opening Obligation and the media in which you use them, are subject to our approval. The Grand Opening Obligation will not be required if the Restaurant is located in a captive audience location including, but not limited to an enclosed mall, a travel facility, an airport, a train station, a bus terminal, a highway travel plaza, a port facility, a sports facility, an entertainment facility, a stadium, an arena, an amphitheater, a theme park, an amusement park, a zoo, a concert venue or a drive-in or theater (collectively "Captive Audience Location").

12.4 Social Media and Internet Advertising You must comply with our standards and procedures for social media as set forth in the Manuals. You will use only materials that we have approved. If we grant you approval for an Internet site (i) you will not use any Mark on the Internet site except as we expressly permit, and (ii) you will list on the Internet site any internet site we maintain and any other information we require. If you wish to modify your approved Internet site, you must submit all proposed modifications to us for our prior written approval.

12.5 National Advertising Contribution After the National Advertising Fund ("Ad Fund") has been established to advertise and promote the System you must make Advertising Contributions to the Ad Fund equal 2% of the Net Sales payable in the same manner as Royalty payment under

Section 4.2 We may increase the advertising contribution by notice to franchisees up to a total of 4% of Net Sales at any time. We also may periodically revise what portion, if any, is allocated to local advertising groups.

A. You agree that (i) we are not a fiduciary with respect to your Advertising Contribution, and (ii) the aggregate of your Advertising Contribution is not a "trust."

B. We reserve the right to use any media, create any programs, and allocate advertising and promotional expenditures to any regions or locales we deem appropriate. We have sole authority to direct all advertising programs and promotions with sole control over the creative concepts, materials, and media used in the programs, and the placement and allocation of advertising. We may use your Advertising Contribution to meet the costs of administering, preparing, and conducting advertising programs, including without limitation the cost of preparing and conducting television, radio, magazine, and newspaper advertising campaigns and other public relations activities, and employing public relations firms and advertising agencies to assist in these activities and other activities that are directly or indirectly designed to promote the System, its franchisees, and/or increase system sales, such as combos, crew incentives, franchisee incentive and/or promotional programs, customized materials (e.g., cups), upsell programs, guest response programs, manager/employee recognition programs, quality assurance and food safety programs, and mystery shop and shoppers programs. We may use your Advertising Contribution to compensate us for the reasonable administrative costs and overhead we incur in activities related to advertising and promotional programs, including without limitation new product development, market research, preparing advertising and promotional materials, working with public relations firms and advertising agencies, and compensating third parties for preparing and maintaining our Internet sites. We agree that we will not spend your Advertising Contribution in a manner that exclusively benefits our licensees that manufacture and sell Thirsty Joe's branded products, if any. We reserve the right to spend up to 10% of Ad Fund revenues to solicit new franchise sales. We will make available an annual unaudited summary of the expenditures of the Advertising Contribution on your reasonable request.

12.6 Advertising Cooperatives. You will participate if we require in any local, regional, or national cooperative advertising group, consisting of other franchisees of Thirsty Joe's Restaurants, when and if any of these groups are created (each, an "Advertising Cooperative"). We will designate the particular Advertising Cooperative(s) in which you may be required to participate (which designations may be based on, without limitation, the particular Designated Market Area or the Area of Dominant Influence, as those terms are used in the advertising industry, where your Restaurant is located). Your payments to any Advertising Cooperative, made in the same manner as Royalty payments under Section 4.2, will be determined by you and those other franchisees of the System and/or us, as the case may be, who are participants in the Advertising Cooperative, as stated in the by-laws of that Advertising Cooperative or membership, dues, participation or other payment agreements of the Advertising Cooperative. You, however, may not be required to spend more than 2% of Net Sales per year into any Advertising Cooperative. Amounts paid to an Advertising Cooperative will be credited against payments you are otherwise required to make for local advertising as required by Sections 4.2C and 12.9. Any payments to an Advertising Cooperative are in addition to the amounts you must pay or spend for the Advertising

Contribution under Sections 4 2 B and 12 5 and for grand opening advertising under Section 12 3 You will enter into any formal agreements with the other franchisees of the System and/or us, as the case may be, as is necessary or appropriate to accomplish the foregoing and you must abide by the formal agreements and decisions that we authorize the Advertising Cooperative to make on advertising and marketing in the area covered by the Advertising Cooperative If you become delinquent in your dues or other payments to the Advertising Cooperative or fail to abide by any formal agreements or authorized decisions of the Advertising Cooperative, the delinquency or failure will be deemed a failure to participate in the Advertising Cooperative and a material breach of this Agreement We may on 30 days' written notice to you suspend or terminate an Advertising Cooperative's program or operations As a member officer, or director of an Advertising Cooperative, at our request you will provide to us all information we request related to the Advertising Cooperative and you must provide this information within 10 days after our request to you

12 7 Promotions From time to time, we may establish temporary or permanent promotional campaigns (e g , limited time offers, gift cards, coupons, loyalty programs, customer relationship management and other supplemental marketing programs) applicable to the System as a whole or to specific advertising market areas Your Advertising Cooperative also may establish promotional campaigns You are required to participate in these promotional programs at your own cost including the costs to purchase, lease and install all materials necessary to the promotional campaigns, including but not limited to counter cards posters, banners signs, photographs, give-away items and gift cards We may charge you our costs, typically \$100-\$500, plus an administrative fee currently \$75

12 8 No Proportionate Benefit, No Right to Withhold Contribution The advertising and promotion that we conduct is intended to maximize general public recognition and patronage of the System in the manner that we determine to be most effective We are not obligated to insure that the expenditures from the Advertising Contribution are proportionate or equivalent to your contributions or that the Restaurant or any Thirsty Joe's Draft House restaurants will benefit directly or pro rata or in any amount from the placement of advertising You will spend and/or contribute all advertising contribution, including Advertising Contribution and Member Contributions provided for in this Agreement without reduction regardless of any perceived benefit by you to the Restaurant or the amount of contribution by other franchisees operating Thirsty Joe's Draft House restaurants or the default of these advertising obligations by any other franchisees

12 9 Local Advertising, Marketing and Promotion You agree that, in addition to amounts you must pay or spend for the Advertising Contribution under Sections 4 2 B and 12 5 and for grand opening advertising under Section 12 3, you will spend a reasonable amount each calendar quarter for local market advertising but not less than \$1,000 per calendar quarter The amount that you contribute to your local Advertising Cooperative as set forth in Sections 4 2C and 12 6, will be credited against this minimum requirement Local advertising and Advertising Cooperative expenditures will not include incentive programs, including, without limitation, costs of honoring coupons food costs incurred in honoring sales promotions, salaries contributions, donations press parties in-store fixtures or equipment, menus serving guides and nutritional facts, yellow page advertising and exterior or interior signage If you fail to make advertising expenditures in

accordance with this Section we will have the right to spend an amount not to exceed \$2,000 on local advertising for you, and you must reimburse us for these expenses. Your failure to comply with this Section is a material breach of this Agreement.

12.10 Advertising Council. We do not have an advertising council composed of franchisees that advises us on advertising policies but reserve the right to form one later. We have the power to form, change, or dissolve any advertising council at any time.

13 TRAINING

13.1 Initial Training Program. If you are an individual and will act as the full-time manager of your Restaurant (the "Restaurant Manager") or if this will be your first Restaurant, you and any other persons we designate must attend and successfully complete the initial training program for a Thirsty Joe's Draft House restaurant (the "Initial Training Program"). We will provide the Initial Training Program at no additional charge but you must pay each attendee's travel expenses (including airfare, car expense, lodging, meals, etc.). If you are an individual but will not act as Restaurant Manager and you have previously successfully completed our Initial Training Program or if you are an entity, your Restaurant Manager and any other persons we designate must attend and successfully complete the Initial Training Program. All training attendees must be age 18 or older. We will provide you with a list of our scheduled dates for the Initial Training Program that occurs within 90 days before your scheduled Opening Date and you must choose which Program you will attend. You must attend and successfully complete the Initial Training at least 45 days before your projected Opening Date. You may not attend the Initial Training Program until your Restaurant is under construction and you have provided us with your fully signed Lease that we have approved and evidence of the insurance that is required under the Franchise Agreement. If, within the last 2 years, you, your Restaurant Manager or any attendees we designate (collectively, the "Participants") have previously attended and completed our Initial Training Program for another Thirsty Joe's Draft House restaurant and have not defaulted under any other franchise agreement with us, then we will not require the person so trained to attend the Initial Training Program.

You must enroll a qualified replacement in the Initial Training Program for any employee that participated in the Initial Training Program who ceases active employment at your Restaurant within 30 days after the former employee's last day of employment. The replacement employee must attend and complete to our satisfaction the next regularly scheduled Initial Training Program.

Each Restaurant location that you open must retain 2 certified managers on staff during the first 90 days of operation. Each Restaurant that you operate must maintain at least 1 certified manager after the first 90 days of operation throughout the term of the Franchise Agreement.

If we determine that you do not have sufficient restaurant experience, we may require you to complete an unpaid internship in an existing Thirsty Joe's Restaurant in addition to the below training program.

A If we reasonably conclude that any Participant has failed to successfully complete the Initial Training Program, that person must re-enroll in our next scheduled applicable Initial Training Program at no additional charge We will have the right to terminate this Agreement if, following the Initial Training Program and re-enrollment training, if any no Participant from the Restaurant has successfully completed the Initial Training Program

B Any Restaurant Managers you hire or appoint after the opening of the Restaurant and any other persons we designate, must attend and successfully complete our next scheduled Initial Training Program We will provide this Initial Training Program for \$1,000 per trainee

13 2 On-Site Training At your request we may provide you with on-site training or consultation (the "On-Site Training") However, we have no obligation to do so If we agree to provide you with such On-Site Training, we will charge you a fee, currently \$50 per hour plus the trainer's expenses

13 3 Conventions, Other Required Training We may from time to time conduct conferences, conventions, programs or training sessions on any matters related to the System You or your Restaurant Manager and other personnel we designate must attend each meeting, program, or session We may charge you a reasonable fee to attend If you fail to cancel any scheduled training without at least 14 days' prior notice, or if you are not prepared to successfully participate in any scheduled training, we may charge you the cost of conducting the originally scheduled training and you may have to pay an additional fee for the rescheduled training

13 4 Expenses, Compensation, Content You will pay all expenses your personnel incur for all training, including without limitation their travel, food lodging, compensation and benefit expenses We will not pay any compensation for any services your personnel perform in any training program

14 OUR OBLIGATIONS

The following obligations are in addition to our other obligations stated in this Agreement

14 1 Access to Manuals We will grant you electronic or other access to the current Manuals at the time of Initial Training

14 2 Inspections Periodically visit the Restaurant evaluate your compliance with this Agreement and the Standards, and advise you on changes necessary to bring the Restaurant into System compliance

14 3 Additional Services After you open your Restaurant, we may furnish you with support services as we deem appropriate We also may offer you on-site services that are greater in scope than our standard support services and will charge you a fee currently \$50 per hour for these services plus the consultant's actual expenses On-site services are subject to availability

14.4 Prices We reserve the right, to the fullest extent allowed by applicable law, to establish maximum, minimum, or other pricing requirements with respect to the prices you may charge for Products including required participation in System-wide discount programs and promotions. If we do not establish such pricing requirements, then you will have the right to determine the prices you charge.

15 YOUR OBLIGATIONS

The following obligations are in addition to your other obligations in this Agreement.

15.1 Compliance with System You agree that (i) every component of the System is vital to us to your Restaurant and Franchised Business and to the Thirsty Joe's Draft House restaurants and franchised businesses our other franchisees operate, and (ii) your compliance with the System is of the essence to this Agreement. You therefore agree that you will conduct all activities and operations of your Restaurant and Franchised Business in strict compliance with the System including without limitation the Standards and the Manuals as though specifically stated in this Agreement.

15.2 Fictitious Name You will file for and maintain a Certificate of Fictitious Name that includes the Mark 'Thirsty Joe's Draft House,' if required by the jurisdiction where the Restaurant is located, and will operate your Franchised Business using this name as the principal name of the Franchised Business.

15.3 Opening Date Your Opening Date must occur within 360 days after the Effective Date. You must notify us of your proposed Opening Date at least 30 days in advance. We have the right to inspect your Restaurant and take other measures we deem appropriate to determine whether you are ready to begin operations. You will not begin operations until we authorize you to do so in writing.

15.4 Compliance with Laws You will operate the Restaurant and the Franchised Business in compliance with all applicable federal, state, and local statutes, regulations, ordinances, codes, and case law (collectively the 'Laws'), including without limitation all Laws related to labor, health, and safety. You will promptly furnish to us copies of all fire, health, or other inspection reports, warnings, certificates, and ratings issued by any government agency that assert any failure to comply strictly with any Law.

15.5 Inspections and Audits We or any of our authorized agents may at any time during normal business hours (including pre-opening and post-closing) enter the Restaurant or any other place where the Franchised Business is operated and (i) conduct an operational audit to determine your material compliance, as we determine with this Agreement, (ii) examine, analyze, and inspect the Restaurant, the Proprietary Products and Non-Proprietary Products at the Restaurant, and the Proprietary Products and Non-Proprietary Products produced and sold at or from the Restaurant, (iii) take reasonable samples of any Proprietary Products and Non-Proprietary Products and the Proprietary Products and Non-Proprietary Products produced and sold at or from the Restaurant, without charge or liability therefore, (iv) inspect your employees, (v) confer with your employees

and customers, and (vi) audit, review and examine by any means, including electronically through the use of telecommunications devices or otherwise at our expense, your books, records accounts and tax returns related to the Franchised Business. You will provide us with full cooperation in the course of any inspection or audit we conduct under this Section. If any such inspection audit, review or examination reveals that Net Sales have been understated in any report to us you must immediately pay to us the Royalty and Advertising Contribution due with respect to the amount understated on demand, in addition to interest provided for under this Agreement. If any understatement exceeds 2% of Net Sales as stated in the report, you must, in addition, on demand reimburse us for all reasonable expenses connected with the audit review or examination (including, without limitation, reasonable accounting and attorneys' fees). These remedies are in addition to any other rights and remedies we have.

15.6 Adulterated Product If (i) any Product you produce or sell evidences dilution or adulteration from the Standards (ii) any Product you produce or sell is contaminated or is otherwise in violation of applicable Law or (iii) you fail to maintain the Restaurant in compliance with applicable Law, you must immediately cease operations search out and destroy any adulterated, diluted, or contaminated Products, eliminate their source and remedy all unsanitary conditions present. You will not resume operation of the Restaurant until our laboratory analysis of your Products or inspection of your Restaurant, as applicable, demonstrates compliance with all applicable Laws and our Standards. If we conclude through any examination, analysis, and/or inspection that the Proprietary Products and/or Non-Proprietary Products have been adulterated in any way, you shall upon demand reimburse us for all reasonable expenses connected with any such examination analysis or inspection under this Agreement (including, without limitation, reasonable product analysis fees). Your obligations under this Section do not alter our right to terminate this Agreement under Section 20.3 C. If (i) we determine that a violation of this Agreement has occurred and that you have committed a similar violation within the one-year period before the date of the inspection and audit, (ii) you fail or refuse to comply with any or all of the remedial measures in this Section (iii) you fail to provide us with full cooperation in the course of any inspection or audit we conduct or (iv) we determine that there has been any repetition during the Term of any occurrence under this Section, then you will pay us a fee for the inspection or audit in the amount of \$5,000, plus the travel expenses of the inspector, the cost of any analyses we make and any other expenses we incur in connection with this Section. The remedies stated in this Section are in addition to and not in substitution of any other remedies stated elsewhere in this Agreement including our right to terminate this Agreement under Section 20.3 C if we instead choose to terminate this Agreement.

15.7 Continuing Maintenance You will continuously maintain the interior and exterior of the Restaurant (including but not limited to the parking lot, walkways and landscaping that is part of the Accepted Location) and all furniture fixtures, equipment, decor and signage in or at the Restaurant in a clean, orderly condition and in excellent repair (including any periodic repainting or replacement of damaged or obsolete furniture, fixtures, equipment, decor, and signage as we may reasonably require) and in compliance with all applicable laws rules, regulations, our Standards and our Manuals. You will not make any material alteration to the interior or exterior of the Restaurant without our prior written consent.

15.8 Restaurant Remodeling During the first 6 months after the 10th anniversary of the Opening Date, you will at your sole expense begin remodeling the Restaurant, including without limitation the Restaurant's internal and external construction design, furniture fixtures equipment, and decor, so that the Restaurant reflects our then-current Standards as to image and quality. You will perform all remodeling in compliance with the Standards, using a General Contractor we reasonably accept in writing. Our acceptance of your General Contractor will not in any way be our endorsement of your General Contractor or render us liable for your General Contractor's performance. All replacement designs furniture, fixtures, equipment and decor must be approved by us in writing must conform to our then-current Standards, and where we so require, must be purchased from suppliers we designate or approve in writing. You must complete all remodeling within a reasonable time after its beginning, but in no event longer than 6 months after you begin remodeling. The requirements of this Section are in addition to the requirements for ongoing maintenance and updating equipment in the Restaurant.

15.9 Your Participation, Restaurant Manager You will devote your best efforts to the proper and effective operation of the Restaurant. In addition your Restaurant will have at least one Restaurant Manager. If you are an individual you must either serve as Restaurant Manager or designate a Restaurant Manager. If you are a corporation, partnership, limited liability company or other entity, you will designate a Restaurant Manager. You will inform us in writing of the identity of the Restaurant Manager and any successor Restaurant Manager. If you operate more than one Thirsty Joe's Draft House restaurant, you will employ at least one Restaurant Manager for each Thirsty Joe's Draft House restaurant. You will notify us immediately of the death disability, or termination of employment of any of your Restaurant Managers and will designate a successor or acting Restaurant Manager within 30 days after the death, disability, or termination of the predecessor Restaurant Manager. Each Restaurant Manager must possess the credentials we require, successfully complete the Initial Training Program, and complete Additional Training and On-Site Training as we may specify.

15.10 Computerized Point-of-Sale System You will promptly install at the Restaurant, at your sole expense, the computerized point-of-sale system, software associated computer hardware telephone lines, and other equipment that we require from time to time, all of which you will keep in good maintenance and repair. We can also require you at your sole expense to purchase lease and/or license a designated computer system including hardware software, communications equipment, telephone lines high speed internet access, and other equipment. We have the right to retrieve all data from your computerized point-of-sale and/or computer system that we deem appropriate and we may require you to obtain **polling services** we specify. We or a vendor designated by us will be the provider for the polling services and you must pay all polling fees or service fees charged by such provider for such polling services. If it becomes advisable at any time, in our sole discretion for us to change or discontinue use of any of the items listed in Section 15.10, you will comply with our directions within a reasonable time after notice to you. We will have no liability or obligation whatsoever with respect to your modification or discontinuance of any of the items listed in Section 15.10.

You must dedicate a high-speed broadband or frame relay connection for the sole purpose of supporting your computer system. Any other technology options, such as satellite cellular, etc must be approved before ordering service with a provider. We may require you to use an Internet

service provider we approve. You also must obtain all telecommunications and computer infrastructure products required to send and receive email and attachments on the Internet and to support our then-current information technology system.

We may require you to install **Network Security**. We may elect to provide any information to you electronically through our website(s) or intranet or other electronic means. We may authorize vendors and others to communicate with you on our website or intranet. We may require arrangements for the distribution and purchase of inventory, supplies, and other items to be conducted through electronic data interchange (for example, internet or email) or other communication services we provide.

U-Pour System You must purchase and use solely, and without interruption, the U-Pour self-service beer system in your restaurant for all beer, wine, cider, and any other 'pay-by-the-ounce' liquid pouring. This system will require at least one main station for check-in/check-out, paired with a POS system for each dedicated station. We may require, or you may choose, depending on the size and layout of your restaurant, more than one check-in/check-out station. Additionally, you will need to purchase one self-service screen for every two taps. For the purpose of repairs or in the event of damage, you must always have on hand at least two (2) spare self-service screens and wire sets. We estimate the cost to be between \$3,000 to \$4,000 per screen for the initial installation, and \$300 to \$500 per month for maintenance and support.

POS Installation Services You must purchase installation services for your POS System. You are also required to use an approved POS installer to install necessary network cabling for your POS System. The price of installation and training services should range between \$2,000 and \$4,200, depending on the amount of training you require. You may incur additional expenses if the approved installer also assists you in the installation of your electrical requirements to run your POS System.

Call Center Support Services You must purchase call center support for your POS System through a vendor we designate. Vendors charge quarterly for call center support services, and the cost should range between \$700 and \$1,000 per year.

Maintenance Support Services You may purchase maintenance support for your POS System once any warranty on your POS System hardware expires. Hardware maintenance support services should cost up to 14% of the retail price of your system per year.

Neither we nor any affiliate or third party is obligated to provide ongoing maintenance, repairs, upgrades or updates and there is no contractual limit on the frequency and cost of your obligation to do so.

In the future we may require different systems or permit the use of different systems depending on the size of your Restaurant. We reserve the right to discontinue any service or support we offer for any system at any time for any reason or to change any required vendors for the products or services at any time for any reason. Your equipment will not function properly within our system without the required upgrades. You must replace, upgrade and maintain these systems at your sole expense.

Independent Access to Information We will have independent access to the information that will be generated or stored in any POS or computer system, such as revenue, expense, scheduling payroll, vendor, and other information. There are no contractual limitations on our right to access this information. We plan to develop interfaces with our designated provider for our approved POS System that facilitates this access. You must provide any assistance we require to bring your system on line with our headquarters system at the earliest possible time and in the manner we prescribe. You must accurately, consistently and completely record, structure, capture and provide all required information through your POS or computer system, and protect such information.

15.11 Customer Card Programs At your expense, you must fully participate in gift card programs, loyalty programs, credit card programs, customer tracking programs, incentive programs, reward programs and other types of programs ("Customer Card Programs") that we develop or designate to support and promote the System. You must comply with all our procedures and policies for Customer Card Programs in the Manuals. You will, at your sole expense, promptly install at the Restaurant any acceptance system for Customer Card Programs and/or hardware and software necessary for Customer Card Programs to operate with the computerized point-of-sale system. You must also obtain any services and supplies we require in connection with Customer Card Programs and pay all fees charged by vendors in connection with Customer Card Programs. Customer Card Programs may use aspects of the equipment and services required under Section 15.10. We may charge an administrative cost for the Customer Card Programs.

15.12 Test Marketing We may from time to time conduct test marketing to determine consumer trends and the salability of new food or non-food products and services. You will participate in any test marketing we perform by providing us with timely reports and other relevant information as we may request. In connection with test marketing, you will purchase for the Restaurant the reasonable quantity of test products we specify and will use your best efforts to promote and sell test products.

15.13 Hours of Operation You will continuously operate the Restaurant on the days and during the minimum hours we specify. You may establish days and hours of operation in excess of the required minimum days and hours. If you wish to operate the Restaurant for less than the minimum days and hours we specify, you must obtain our prior written approval, which will not be unreasonably withheld. If the Restaurant is located in a Captive Audience Location and the hours of operation required by the landlord of the Captive Audience Location are different than our specifications, you may operate the Restaurant in accordance with the landlord's requirements.

15.14 Purchasing and Distribution Cooperatives You must (i) become a member before opening the Franchised Business, of any purchasing and/or distribution cooperative(s) if any that we designate and/or establish for the System, (ii) remain a member in good standing thereof throughout the term of this Agreement, and (iii) pay all reasonable membership fees assessed by any purchasing and/or distribution cooperative(s). We will endeavor to include a franchisee as a member of any purchasing cooperative board.

16 INDEMNIFICATION, INSURANCE

16.1 Indemnification You will defend, indemnify and hold harmless us and our affiliates, and subsidiary companies and their permitted successors and assigns, and each of their respective direct and indirect owners, directors, officers, managers, employees, agents, attorneys, and representatives (collectively, the "Indemnified Parties") from and against all Losses (defined below), which any of the Indemnified Parties may suffer, sustain or incur as a result of a claim asserted or inquiry made formally or informally, or a legal action, investigation, or other proceeding brought, by a third party and directly or indirectly arising out of the Franchised Business, the Restaurant, or your breach of this Agreement. We will promptly notify you of any claim that may give rise to a claim of indemnity hereunder provided, however, that the failure to provide such notice shall not release you from your indemnification obligations under this Section 16.1 except to the extent you are actually and materially prejudiced by such failure. You shall have the right, upon written notice delivered to the Indemnified Party within fifteen (15) days thereafter assuming full responsibility for Losses resulting from such claim, to assume and control the defense of such claim, including the employment of counsel reasonably satisfactory to the Indemnified Party and the payment of the fees and disbursements of such counsel. If (i) the Indemnified Party shall have been advised by counsel that there are one or more legal or equitable defenses available to it that are different from or in addition to those available to you and in the reasonable opinion of the Indemnified Party's counsel for you could not adequately represent the interests of the Indemnified Party because such interests could be in conflict with your interests or (ii) you do not assume responsibility for such Losses in a timely manner, or (iii) you fail to defend a claim with counsel reasonably satisfactory to the Indemnified Party as contemplated above, then the Indemnified Party shall have the right to employ counsel of its own choosing and you shall pay the reasonable fees and disbursements of such Indemnified Party's counsel as incurred, provided that in any case, you shall not be obligated to pay the expenses of more than one separate counsel for all Indemnified Parties taken together. In connection with any claim, the Indemnified Party or you, whichever is not assuming the defense of such claim, shall have the right to participate in such claim and to retain its own counsel at such party's own expense. You or the Indemnified Party (as the case may be) shall keep you or the Indemnified Party (as the case may be) reasonably apprised of, and shall respond to any reasonable requests concerning, the status of the defense of any claim of which it is maintaining, and shall cooperate in good faith with each other with respect to the defense of any such claim. You shall not, without the prior written consent of the Indemnified Party, (a) settle or compromise any claim or consent to the entry of any judgment with respect to any claim which does not include a written release from liability of such claim for the Indemnified Party and its affiliates, direct and indirect owners, directors, managers, employees, agents and representatives or (b) settle or compromise any claim in any manner that may adversely affect the Indemnified Party other than as a result of money damages or other monetary payments which will be paid by you. No claim which is being defended in good faith by you in accordance with the terms of this Section 16.1 shall be settled by the Indemnified Party without your prior written consent. Notwithstanding anything to the contrary herein, if a claim involves the Marks, you agree that the Indemnifying Party shall have the exclusive right to assume the defense of such claim, at your expense with counsel selected by the Indemnifying Party but reasonably satisfactory to you.

You have no obligation to indemnify or hold harmless an Indemnified Party for any Losses to the extent they are determined in a final, unappealable ruling issued by a court or arbitrator with competent jurisdiction to have been caused solely and directly by the Indemnified Party's gross negligence, willful misconduct or willful wrongful omissions

For purposes of this Section 16.1 "Losses" include all obligations, liabilities, damages (actual, consequential or otherwise), and reasonable defense costs that any Indemnified Party incurs. Defense costs include, without limitation, accountants' arbitrators' attorneys', and expert witness fees, costs of investigation and proof of facts, court costs, travel and living expenses and other expenses of litigation, arbitration, or alternative dispute resolution, regardless of whether litigation, arbitration, or alternative dispute resolution is commenced. Your obligations in this Section 16.1 will continue in full force and effect subsequent to and notwithstanding this Agreement's expiration or termination. An Indemnified Party need not seek recovery from any insurer or other third party, or otherwise mitigate its Losses, in order to maintain and recover fully a claim against you under this Section 16.1. You agree that a failure to pursue a recovery or mitigate a Loss will not reduce or alter the amounts that an Indemnified Party may recover from you under this Section 16.1.

16.2 Required Insurance You will obtain and maintain during the Term, at your expense, a comprehensive business insurance program including property, liability and workers' compensation insurance. Your obligation to maintain this insurance will not be limited in any way by reason of any insurance that we may maintain nor will it relieve you of your indemnity obligations stated in Section 16.1. These policies are required to respond on a primary and non-contributory basis to any insurance carried by us or our affiliates may not otherwise limit coverage for tort liabilities assumed in this Agreement. The types and minimum amounts of insurance coverage currently required are as follows:

A Comprehensive General Liability Insurance, including Products & Completed Operations coverage with limits not less than \$1,000,000 per occurrence and \$2,000,000 in the aggregate with a maximum \$5,000 deductible per occurrence.

B Dram Shop Liquor Liability Insurance with limits not less than \$1,000,000 per occurrence and \$2,000,000 in the aggregate.

C Statutory Workers' Compensation insurance including employer's liability insurance, with limits not less than \$500,000,

D Automobile Liability insurance with a combined single limit of \$1,000,000 for any owned, hired or non-owned automobile used in the course of your business,

E Follow Form 'Umbrella/Excess Liability Policy with limits not less than \$2,000,000 per occurrence and in the aggregate that sits excess of items A, B, C (employer's liability insurance only) and D above,

F Business Property Insurance that extends coverage on a replacement cost basis for business personal property including electronic equipment, tenant improvements & betterments.

and business income and extra expense with covered causes of loss as "Special" or "All Risk" with coinsurance conditions not less than 80%, and further, if you are in a location that resides in FEMA Flood Zones beginning with the letters "A" or "V", coverage for Flood and

G Other insurance required by the state or local authority

16.3 Carrier, Proof of Insurance All insurance policies required under of this Agreement will (i) be issued by an insurance carrier authorized to conduct business in the state in which your Restaurant is located, and is rated "A-" (Excellent) / VIII (\$100M to \$250M policy holder surplus) or better by A M Best and Company, Inc or its successor, (ii) insure you and name us and our affiliates and subsidiary companies, and their permitted successors and assigns and each of their respective direct and indirect owners, directors, officers, managers, employees and agents as an additional insured for claims arising from your Restaurant and your operations, and include a waiver of subrogation in favor of us (iii) stipulate that the insurer will deliver 30 days written notice to us before any cancellation or modification, except 10 days for non-payment of premium (iv) unless otherwise noted, your insurance policies must be written on occurrence based policy form and (v) not be subject to unreasonable deductibles or retentions without our prior written approval. You will deliver proof of your compliance with this Section to us so that we receive proof (a) before the date you start construction or the Opening Date, whichever occurs first, (b) annually on the expiration, renewal or replacement of each policy, and (c) within 10 days after we make any demand therefor. We may from time to time increase, decrease, add to, delete from, or modify the mandatory insurance coverages we require in accordance with reasonable and customary changes in the industry, as we determine.

If you fail to maintain the required insurance, we may, but have no obligation to do so, procure the insurance for you. You must reimburse us the insurance premium and the administrative costs we incur in connection with such procurement.

17 RIGHT TO ACCESS, RECORDS, REPORTING

17.1 Right to Access We have the right, at any time during regular business hours (including any pre-opening and post-closing period) without notice to enter the Restaurant or any other place where the Franchised Business is conducted to inspect, audit, and make copies of all your books, records, and files related to the Franchised Business. You will immediately on our request (i) make all these materials available to us and (ii) provide us with full cooperation for the inspection, audit, or copying. If your books, records, and files related to the Restaurant are not kept at the Restaurant, you must within a reasonable time of our request (not to exceed 30 days) (a) make all these materials available to us and (b) provide us with full cooperation for the inspection, audit, or copying.

17.2 Systems and Reports You will (i) comply with all our Standards on accounting systems, procedures, and formats, if any, (ii) timely submit to us complete and accurate financial, operational, and other reports we require (including weekly reports detailing the Gross Sales and Net Sales during the preceding week), and (iii) use all forms we specify. You must submit any report by mail, telephone, electronic means, or any other means we may designate. For purposes

of reporting to us only and not for purposes of calculating Royalty due, 'Gross Sales' means Net Sales plus the amount of any discounts from redemptions of coupons, and other reductions made to calculate Net Sales. If you fail to submit complete and accurate reports when due, we may charge you a late fee of \$100 per day that the report is late.

17.3 Financial Statements No later than 90 days following our request, you will furnish to us a statement of the profit and loss of the Franchised Business for the last fiscal year and a balance sheet as of the end of the last fiscal year, prepared in accordance with generally accepted accounting principles, including all disclosures required under those principles on a compilation basis and certified by you to be true and correct. We may incorporate information derived from your financial statements in our Franchise Disclosure Document and promotional materials, but not so as to individually identify you or your Restaurant. If you fail to submit complete and accurate financial statements when due, we may charge you a late fee of \$100 per day that the statement is late.

17.4 Tax Returns No later than 90 days following our request, you will furnish to us exact copies of all tax returns, including federal, state, and any local income tax returns, you were required to file. If you fail to submit complete and accurate tax returns when due, we may charge you a late fee of \$100 per day that the return is late.

17.5 Financial Records You will accurately and completely record all revenues the Franchised Business receives or is entitled to receive. You will keep and maintain accurate and complete records of revenues and will maintain and preserve accurate and complete books, records, and tax returns, including related supporting material, such as bank statements, POS tapes/records, cash receipts and credit and charge records, for the Franchised Business for at least 3 years. These financial records may not be commingled with records for other businesses. You will keep and preserve for 3 years the types and classes of records that we require, and all business, personnel financial, and operating records related to the Franchised Business.

17.6 Research You will inform us from time to time on our request of (i) all prices you charge for Products you sell and (ii) the prices your competitors charge in the area.

18 CONFIDENTIAL INFORMATION, RESTRICTIVE COVENANTS

18.1 Definitions As used in this Agreement

A "Confidential Information" means any information related to the System that we disclose to you that we designate as confidential, or that, by its nature, would reasonably be expected to be held in confidence or kept secret. Without limiting the definition of "Confidential Information," all the following will be conclusively presumed to be Confidential Information whether or not we designate them as such: (i) the Standards and Manuals, (ii) pricing information and models, (iii) materials describing our franchise network and System, (iv) plans, layouts, designs and specifications for a prototypical Thirsty Joe's Draft House restaurant, (v) our methods of preparing and serving Products, including recipes, (vi) our sources (or prospective sources) of supply and all information related to or concerning the same, including the identity and pricing structures with

our suppliers (vii) our training materials (viii) our marketing plans and development strategies and (ix) other information we give to you in confidence, except where such information is a Trade Secret (defined below)

B "Trade Secret" means information that derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by other persons who can obtain economic value from its disclosure or use. Without limiting the definition of "Trade Secrets" all the following will be conclusively presumed to be Trade Secrets whether or not we designate them as such: (i) the composition of our Proprietary Products and Non-Proprietary Products, (ii) our advertising, marketing, and public relations strategies, and (iii) our marketing analyses

C The terms "Confidential Information" and "Trade Secret" do not include: (i) information generally known to the public at the time we disclose it to you, (ii) information that becomes known to the public after we disclose it to you, unless it becomes known due to your breach of this Agreement or someone else's breach of a duty to maintain confidentiality, or (iii) information you can prove was already known to you at the time we disclosed it to you

18.2 Protection of Confidential Information and Trade Secrets You agree that the Confidential Information and Trade Secrets are not, by definition, generally known in the trade, that they are beyond your present skill and experience, and that for you to develop the Confidential Information and Trade Secrets on your own would be expensive, time-consuming, and difficult. You agree that the Confidential Information and Trade Secrets provide you with a competitive advantage, that they will be economically valuable to you in the development of your Franchised Business, and that gaining access to Confidential Information and Trade Secrets is therefore a primary reason why you are entering into this Agreement. You specifically agree that these restrictions are applicable even before you open the Restaurant since you will receive valuable information and training about the System and the operation of the Restaurant before you begin operations of your Restaurant. You agree that you are liable under this provision even if you do not open the Restaurant as this Agreement requires. Accordingly, in consideration of our disclosure of the Confidential Information and Trade Secrets, you agree that

A You will not, during the Term: (i) appropriate or use any Confidential Information or any Trade Secret for any purpose other than in accordance with this Agreement, (ii) disclose or reveal any portion of the Confidential Information or any Trade Secret to any person other than to your directors, officers, Owners, management employees, or others who: (a) have a legitimate business need to know of it to operate your Franchised Business, (b) are aware of the confidentiality restrictions in this Agreement, and (c) are similarly bound not to disclose the Confidential Information by an agreement at least as restrictive as the terms of this Agreement, or (iii) divulge or use any Confidential Information or any Trade Secret for the benefit of any other person or entity except as we expressly authorize

B You will not at any time after the termination or expiration of this Agreement: (i) use any Confidential Information for any purpose, or (ii) divulge or use any Confidential Information for the benefit of any other person or entity

C You will not at any time after the termination or expiration of this Agreement (i) use any Trade Secret for any purpose, or (ii) divulge or use any Trade Secret for the benefit of any other person or entity

D You will not copy, duplicate, record or otherwise reproduce any of the Confidential Information or Trade Secrets, in whole or in part, including the restaurant Confidential Information or Trade Secrets maintained in a computer retrieval or database or otherwise make Confidential Information or Trade Secrets available to any third party, except as we authorize in this Agreement

E You will make all reasonable efforts and take all appropriate precautions to prevent unauthorized copying or disclosure of any Confidential Information or Trade Secrets which precautions will include, but not be limited to, restricting access to Confidential Information and Trade Secrets on a "need to know" basis

18.3 Unfair Competition Your breach of this Section will constitute unfair competition. You agree that Sections 18.1 and 18.2 are a reasonable effort under the circumstances to maintain the confidentiality of our Confidential Information and the secrecy of our Trade Secrets.

18.4 Restrictive Covenant For the purposes of this Agreement, "Covenanting Personnel" means your Owners and your directors and officers, as added to or deleted from or replaced from time to time. You agree that you will require all Covenanting Personnel to sign the Personal Covenants in Schedule B. You agree that you will comply with the following restrictions:

A During the Term, neither you nor any of your Covenanting Personnel nor any person or entity controlling, controlled by, or under common control with you or them, will, directly or indirectly, own or operate a restaurant serving self-service draft beer, wine or cider (a "Competing Activity"), in the United States. You further agree that you will not employ or seek to employ an employee of ours or another franchisee or attempt to induce such employee to cease his/her employment without the prior written consent of such employee's employer.

B Beginning at the expiration or termination of this Agreement including a sale of this franchise or your interest in it and for 24 months thereafter (i) at the Accepted Location, (ii) within 10 miles of the Accepted Location, (iii) within 10 miles of any Thirsty Joe's Draft House Restaurant, neither you nor any of your Covenanting Personnel will, directly or indirectly, own or operate a restaurant serving self-service draft beer, wine or cider.

C Nothing in this Section will prevent you from owning for investment purposes up to an aggregate of 5% of the capital stock of any competitive business so long as the competitive business is a publicly held corporation whose stock is listed and traded on a national or regional stock exchange or through the National Association of Securities Dealers Automated Quotation System (NASDAQ) and so long as you do not control the company in question.

You acknowledge and agree that (a) you and the other individuals and entities required to comply with this Section 18.4 have received or will receive an advantage through the training provided under this Agreement, the knowledge of the day-to-day operations of a Restaurant and access to the Standards, Manuals System, Confidential Information and Trade Secrets and (b) the

covenants and restrictions in this Section 18 4 (i) are reasonable, appropriate and necessary to protect the System, Confidential Information, Trade Secrets other franchisees operating under the System the goodwill of the System relationships with our prospective and existing customers and our legitimate interests, and (ii) do not cause undue hardship on you or any of the other individuals and entities required by this Section 18 4 to comply with the covenants and restrictions

18 5 Remedies This Section is a primary inducement to us to enter into this Agreement, and on any breach of this Section you agree that we would be irreparably injured and without adequate remedy at law Therefore, on a breach or a threatened or attempted breach of this Section, you agree that we are entitled, in addition to any other remedies we may have under this Agreement or at law or in equity (including the right to terminate this Agreement), to a preliminary and permanent injunction and a decree for specific performance of the terms of this Section without the necessity of showing actual or threatened damage and without being required to furnish a bond or other security You agree that it is conclusively presumed that any violation of Section 18 4 was accompanied by the misappropriation and inevitable disclosure of our Confidential Information Trade Secrets and other methods and procedures

18 6 Modification If any term in this Section must be interpreted by a court or an arbitrator of competent jurisdiction you expressly agree that (i) the terms of this Section are made freely and voluntarily by you and us, as two independent businesses, together with your Covenanting Personnel to whom we delivered due consideration, in an arms-length commercial transaction between experienced business operators, (ii) in no event should the terms be construed in the same manner or under the same body of law as analogous terms in a contract of employment (iii) if a court or arbitrator finds that any term in this Section is invalid or unenforceable for any reason, that term will automatically be modified to the minimum extent necessary to make it valid and enforceable and the modification will be deemed to have been a part of this Agreement as of the Effective Date (iv) the court or arbitrator should strictly construe these terms in favor of enforcement, and (v) if any term could be construed two ways, one of which would render the term valid and the other of which would render the term invalid, the court or arbitrator will construe the term in the manner that renders it valid

19 TRANSFER

19 1 General This Agreement is personal to you and you will not nor will you attempt to, sell, assign delegate transfer or encumber (collectively, 'Transfer') any of your rights or obligations under this Agreement without our prior written consent We may void any purported Transfer in violation of this Section If you are a corporation, partnership, limited liability company, or other entity (i) you will give us prompt notice of any additions to, deletions from, or changes to equity holders or interests, and (ii) the terms of this Section will be deemed violated on any purported Transfer of more than 25% in the aggregate of the equity in you or a share of the equity in you sufficient to cause a change in control over you In addition if you are a partnership the terms of this Section will be deemed violated on any removal or addition of any general partner The identity of your Owners will be identified in Schedule A and you must immediately furnish us with an update to the information contained in Schedule A upon any change provided that

furnishing such update will not waive or otherwise limit any of the other requirements under this Section 19 regarding Transfers

19.2 Death or Disability On the death, disability, or permanent incapacity of a shareholder, partner, or member of yours that results in a change in control over you or the Franchised Business, all of the interest of the deceased, disabled or incapacitated person must be transferred to a buyer we approve within 1 year after the date that person dies or becomes disabled, provided that each person obtaining the interest (i) is capable of conducting the Franchised Business in accordance with this Agreement (ii) signs the form of Personal Covenants attached as Schedule B to this Agreement, and (iii) signs the form of Guaranty of Payment and Performance attached as Schedule C to this Agreement, without all of which we may terminate this Agreement

19.3 Conditions for Your Transfer You agree that the restrictions on Transfer in this Agreement are reasonable and necessary to protect the System and our reputation and goodwill. We will not unreasonably withhold our consent to your sale, assignment, or transfer of the Franchised Business, provided, however, that we may refuse to consent to the Transfer unless

A You notify us in writing at least 90 days prior to any proposed Transfer

B All sums you owe us and our affiliates are paid

C You are not (i) at the time of the Transfer request in default in any material respect under this Agreement or any other agreement with us, or any of our affiliates or any of our designated suppliers and (ii) you have not been during the Term, in default in any material respect under this Agreement or any other agreement with us, any of our affiliates, or any of our designated suppliers without curing such default within the applicable cure period

D The transferee and its proposed directors, officers, shareholders, partners and members, as applicable, and its Restaurant Manager and any other personnel we designate who will be responsible for operating and managing the Restaurant, satisfactorily complete before the date of transfer our then-current training required of new franchisees

E The transferee and its directors, officers, shareholders, partners and members, as applicable meet our requirements for approval as new franchisees including but not limited to our requirements for proficiency in the English language

F Notwithstanding when the Restaurant was last remodeled the transferee agrees in writing that it will at its expense upgrade and remodel the Restaurant to conform to our then-current Standards for quality and appearance and trade dress within the time we reasonably specify provided, however, if the Restaurant conforms to our then-current Standards for appearance, the transferee will only address all items identified in the last quality assurance inspection within the time we reasonably state

G The transferee signs our then-current form of franchise agreement and all other then-current related agreements as we require of new franchisees generally, provided, however the transferee will not be required to pay the initial franchise fee stated in the new franchise agreement

and the term of the new franchise agreement will expire on the expiration date of the Term of this Agreement

H You, all your individual owners (including your Owners and guarantors), the transferee, and all individual owners of the transferee, deliver to us a written and duly signed (i) general release, in a form that we will prepare at our sole expense, of all claims against the Affiliated Parties and (ii) indemnity protecting the Affiliated Parties against any statements, representations, or warranties that you may have made or given to the proposed transferee

I We receive a fully-signed copy of all transfer documents

J You pay us a transfer fee of 50% of the amount of the then-current initial franchise fee

19.4 Related Party Transfer Notwithstanding anything to the contrary in paragraph 19.3 of this Agreement you may transfer cumulatively up to a 49% (100% on your death or disability) interest in this Agreement to your spouse, your parent or your child, or up to a 100% interest in this Agreement to any of the original guarantors to this Agreement (a "Related Party"), subject to the following conditions

A You give us prior written notice of the Transfer,

B The Related Party assumes in writing, on a form we prepare, this Agreement,

C The Transfer will not relieve you of your obligations under this Agreement,

D You may not be in default under this Agreement,

E You pay us a transfer fee of 10% of the amount of the then-current initial franchise fee, and

F You and your Owners and guarantors must sign and deliver to us a general release of all claims you and they may have against us and

G The Related Party satisfies the then-current requirements we have established for the approval of new franchisees

19.5 Right of First Refusal If you receive and want to accept a *bona fide* written offer from a third party to purchase the Franchised Business or substantially all the interests in you (collectively, the "Interest"), you must give us (i) prompt written notice of the offer stating the name and address of the prospective purchaser and the price and terms of the offer and (ii) copies of all written documents and other information reasonably related to the offer provided by or to the prospective purchaser. For 30 days after we receive the information required by this Section (the "Option Period") we will have the option to purchase the Interest on the same terms as the third party offers provided, however, if any portion of the consideration the third party offers is other than cash, we will have the option of substituting the equivalent cash value. If we cannot agree within a reasonable time on the equivalent cash value, the equivalent cash value will be determined by

three independent appraisers chosen in the following manner you will designate one appraiser and we will designate one appraiser, and the two appraisers that you and we designate will select a third appraiser. The majority determination of the three appraisers will be binding. Each party will pay the appraiser's fee for the appraiser designated by that party. You and we will each pay 50% of the third appraiser's fee. In order for us to have enough information to decide whether to exercise our option, you must promptly deliver to us, at our request, any information about the Franchised Business that we request not otherwise called for by this Agreement. If you comply with this Section and we do not exercise our right of first refusal within the Option Period you may, within 30 days after the expiration of the Option Period sell, assign, and transfer the Interest to the third party specified in your notice, provided the conditions of Section 19.3 are met. Any material change in the terms of the offer before closing of the sale to the third party will constitute a new offer, subject to the same rights of first refusal by us as in the case of an initial offer. Our failure to exercise our option under this Section will not be a waiver of any other provision of this Agreement.

19.6 Our Transfer We will have the right to transfer or assign this Agreement and all or any part of our rights or obligations under this Agreement to any person or legal entity without your consent, and upon such transfer or assignment, the transferee or assignee shall be solely responsible for all our obligations arising under this Agreement subsequent to the transfer or assignment. Without limitation of the foregoing, we may sell our assets to a third party, may offer our securities privately or publicly, may merge with or acquire other corporations or may be acquired by another corporation, may undertake a refinancing, recapitalization, leveraged buyout or other economic or financial restructuring.

19.7 Restrictions on Advertising Sale of Franchised Business You may not, without our prior written consent: (i) place in, on or upon the Approved Location any advertisement for the transfer, sale or other disposition of the Franchised Business or any ownership interest in you; (ii) use any Marks in advertising (in any form of media) the transfer, sale, or other disposition of the Franchised Business or any ownership interest in you; or (iii) list the Franchised Business or any ownership interest in you with any business broker, real estate broker, agent or attorney.

20. DEFAULT AND TERMINATION

20.1 Your Termination and Notice of Our Breach You will have no right to terminate this Agreement. If we breach this Agreement, your sole remedy will be an arbitration proceeding under this Agreement.

20.2 Our Termination. No Opportunity to Cure We have the right to terminate this Agreement without affording you any opportunity to cure the default, effective on our sending of notice of termination to you (or the earliest date permitted by applicable law) if:

A. You violate the restrictions related to the use of Confidential Information or Trade Secrets in Section 18 of this Agreement or any of your Covenantee Personnel violate the Personal Covenants.

B You copy or permit others to copy any portion of the Manuals, except for forms and similar items included in them for the express purpose of copying, or fail to take all necessary precautions to ensure that the Manuals are kept free from theft unauthorized copying, unauthorized access fire, or other acts that may jeopardize the confidentiality of their contents

C You or any of your Covenanting Personnel (i) are convicted of or plead no contest to a felony or a crime involving fraud or moral turpitude, (ii) are convicted of or plead no contest to any other offense or crime or engage in other conduct that we deem likely to reflect materially and unfavorably on the goodwill or reputation of the System (iii) commit fraud in relation to the Franchised Business or its customers, or otherwise engage in conduct that, in our determination, materially impairs the goodwill related to the System, (iv) make, or have made, any material misrepresentation to us related to the Franchised Business or this Agreement, or (v) knowingly maintain false books or records, or submit any false reports to us related to the Franchised Business

D You abandon the Franchised Business or Restaurant

E We send you 3 or more written notices of default under this Agreement for the same or a similar cause or reason in any consecutive 12 month period whether or not cured

F You (i) become insolvent by reason of an inability to pay debts as they come due, (ii) are the judgment debtor in any final judgment of \$10 000 or more and the judgment remains unsatisfied of record for more than 60 days, unless you have obtained an appeal bond covering the amount of your liability, (iii) have your bank accounts, property, or receivables attached and the attachment proceedings are not dismissed within 60 days (iv) have an execution levied against your business or property and the execution is not dismissed within 60 days, or (v) are the subject of any suit to foreclose any lien or mortgage related to the Franchised Business or the property thereof, and the suit is not dismissed within 60 days

G Your or any of your owners' assets property, or interests are blocked under any law, ordinance, or regulation relating to terrorist activities, or you or any of your owners otherwise violate any such law, ordinance, or regulation

20.3 Our Termination Opportunity to Cure Within Cure Period We have the right to terminate this Agreement for any of the defaults in this Section after we send you a notice of default if you fail to cure the default to our reasonable satisfaction within the time specified below (or the earliest date permitted by applicable law), without further notice or opportunity to cure if

A 24 hours after we send you a notice of default, you fail to cure a default by failing to grant us immediate access to your Restaurant or any other place where the Franchised Business is conducted to perform any of the inspections audits, or copying described in this Agreement, or if in the course of an inspection, audit, or copying you fail to make the materials we request available to us or provide us with full cooperation in the course of the inspections audits, or copying

B 24 hours after we send you a notice of default you fail to cure a default for the operation of your Franchised Business or Restaurant in a manner that poses a threat or danger to public health or safety

C 24 hours after we send you a notice of default, you fail to cure a default related to any dilution or adulteration of Proprietary Products or Non-Proprietary Products or any misrepresentation, substitution, or palming off of non-Thirsty Joe's Draft House products from the Restaurant

D 24 hours after we send you a notice of default you fail to cure a default related to complying fully with all Laws, unless there is a *bona fide* dispute as to the violation or legality of a Law and you promptly resort to a court or other appropriate forum having jurisdiction to contest the violation or illegality

E 5 calendar days after we send you a notice of default, you fail to cure a default related to selling, bartering, or exchanging, or attempting to sell barter, or exchange, any Proprietary Product or supply at wholesale or retail, except as contemplated by this Agreement

F 5 calendar days after we send you a notice of default, you fail to cure a default related to (i) opening the Restaurant by the deadline set forth in this Agreement, or (ii) without our prior written consent, ceasing operation of the Franchised Business or Restaurant for a period of 5 consecutive days or any shorter period that indicates your intent to discontinue operation of the Franchised Business or Restaurant, except for a period of not more than 180 days as a result of a Force Majeure, as defined in Section 23.4 of this Agreement

G 5 calendar days after we send you a notice of default you fail to cure a default related to complying with the restrictive covenant in Section 18 of this Agreement during the Term

H 10 calendar days after we deliver to you a notice of default if you fail to cure a default for failing to pay promptly when due all debts you owe us or our affiliates, all undisputed debts you owe our designated suppliers and all taxes and other obligations you owe for the Franchised Business including, without limitation, all federal, state, and local taxes and all accounts payable of any nature

I 10 calendar days after we send you a notice of default, you fail to cure a default relating to obtaining the signing of the Personal Covenants required in Section 18.4 of this Agreement

J 10 calendar days after we send you a notice of default you and/or your affiliates fail to cure a default or you and/or your affiliates materially breach any other agreement with us or our affiliates, or any mortgage, deed of trust or lease covering the Franchised Business unless cured within any applicable notice or grace periods contained in those documents

K 10 calendar days after we send you a notice of default, you fail to cure a default under any lease or sublease of the Accepted Location or lose the right to possession thereof If loss of possession is the result of governmental exercise of eminent domain, you may within 360 days of

the loss of possession, relocate the Restaurant to some other premises, subject to our acceptance of the Proposed Site and compliance with the Restaurant opening criteria stated in this Agreement

L 30 calendar days after we send you a notice of default, you fail to cure a default relating to maintaining accurate books of account and business and accounting records as required by this Agreement

M 30 calendar days after we send you a notice of default, you breach any of your other obligations to us under this Agreement (including for a quality assurance inspection failure)

20.4 Suspension of Rights and Access to System If you are in default of any obligation under this Agreement or our Standards, then we may, in addition to our other remedies, temporarily suspend, until you fully cure the default, your (i) access and use of the System, our website (including your access or use of website pages) and our Internet sites, and (ii) ability to purchase Proprietary Products Non-Proprietary Products, and other products, services, or equipment used in connection with operating under the System No such suspension shall constitute a waiver or election of remedies and we reserve our right to terminate this Agreement in accordance with its provisions All Royalty, Advertising Contribution and all other fees due under this Agreement will continue to accrue during the suspension period We may also notify your lenders if you are in default of any obligations under this Agreement or our Standards Our consent, approval or acceptance may be withheld if needed while you are in default under this Agreement or may be conditioned on the cure of all your defaults

21 OBLIGATIONS ON TERMINATION

21.1 General Obligations On expiration or termination of this Agreement for any reason you will

A Immediately cease using the System including the Marks and any confusingly similar names, marks, commercial symbols, systems insignia, symbols, color schemes, trade dress designs, procedures and methods (including on any web page that you operate or have used for marketing)

B Immediately return to us (i) all hard copies and electronic copies (capable of being returned) of the Standards and the Manuals, together with all copies of any of them, and (ii) all other manuals records, files, instructions correspondence and other materials relating to the operation of the Franchised Business ("Other Materials") If you have on your computer systems or in your e-mail accounts copies of the Standards the Manuals and/or Other Materials you must immediately erase these copies from your computer system and/or e-mail account

C Immediately cancel all assumed name registrations

D Within 5 days after expiration or termination, pay us and our affiliates the full amount you owe us and them

E Immediately stop identifying yourself in any way as our franchisee or former franchisee

F Immediately comply with the restrictive covenants in Section 18 of this Agreement

G Immediately cease using the Restaurant's telephone numbers and on our written demand direct the telephone company to transfer the telephone numbers for the Restaurant to us or to any other person and location that we specify. If you do not promptly direct the telephone company to do so, you irrevocably appoint us as your attorney-in-fact to direct the telephone company to do so.

H Promptly sign all documents and take all other actions as we deem necessary to effect the intent and provisions of this Section.

21.2 Reinstatement If this Agreement is terminated under Section 20.3 B, we will permit you to apply for reinstatement of this Agreement within 7 days of the effective date of termination, after the first termination only. Our approval of reinstatement will not be unreasonably withheld and will be subject to the following conditions. You must:

A Cure the default that led to the termination of this Agreement.

B Pay us all fees due us, including Royalty and Advertising Contribution.

C Pay us the amount of Royalty for the time period between the date of termination of this Agreement and the date of reinstatement of this Agreement to compensate us for your continued use of the Marks during the period of termination,

D Pay us a reinstatement fee of 10% of the amount of the then-current initial franchise fee and

E Sign and return to us our standard form of Reinstatement Agreement, which will include your commitment to a refurbishment plan that you and we must agree on.

21.3 Additional Obligations The following obligations are in addition to the General Obligations stated above:

A If we terminate this Agreement under Section 20, we will have the right immediately to enter and take possession of your Restaurant to maintain continuous operation of the previously-franchised business, provide for orderly change of management and disposition of personal property, and otherwise protect our interests. If we exercise this right, you will vacate the Restaurant promptly and completely, rendering all necessary assistance to us to enable us to take prompt possession. If you dispute the validity of our termination of this Agreement, we will nevertheless have the option, which you irrevocably grant, to operate the business pending the final, unappealed determination of the dispute under this Agreement. If an arbitrator or court of competent jurisdiction makes a final, unappealed determination that the termination was not valid, we will make a full and complete accounting for the period during which we operated the business.

B If we terminate this Agreement under Section 20, you will, at our option assign to us or another franchisee we designate your interest in any Lease for the Accepted Location, and will vacate the Restaurant promptly and completely rendering all necessary assistance to us or the other franchisee to enable it to take prompt possession

C If we exercise our option to assume your interest in any Lease for the Accepted Location under Section 21, above, within 15 days after our notice to you of this election, you will arrange with us for an inventory to be made by us, at our cost, of all your personal property, fixtures, signs equipment, Products, inventory and supplies related to the Restaurant, including without limitation all items bearing the Marks We will have the option, to be exercised within 30 days after our completion of the final inventory, or our receipt thereof, to purchase from you any or all of these items at the actual fair market value (exclusive of good will) (the "Purchase Value") If we elect not to purchase your personal property, fixtures signs, equipment, Products, inventory, and supplies related to the Restaurant, we can retract or exercise our option to assume your lease under Section 21 above If the parties cannot agree on a Purchase Value within a reasonable time the Purchase Value will be determined by three independent appraisers chosen in the following manner you will designate one appraiser and we will designate one appraiser, and the two appraisers that you and we designate will select a third appraiser The majority determination of the three appraisers will be binding Each party will pay the appraiser's fee for the appraiser designated by that party You and we will each pay 50% of the third appraiser's fee If we elect to exercise this option to purchase, we may set off all amounts you owe us or our affiliates under this Agreement against any payments for the purchase At the closing, you will deliver to us in a form satisfactory to us, good and merchantable title to the assets purchased, free and clear of any encumbrances together with all licenses or permits that may be assigned or transferred You will be responsible for all sales and other transfer taxes

22 DISPUTE RESOLUTION

22.1 Choice of Law This Agreement is effective upon its acceptance in Virginia by our authorized officer Except as to claims governed by federal law, Virginia law governs all claims that in any way relate to or arise out of this Agreement or any of the dealings of the parties ("Claims") However, no laws regulating the sale of franchises or governing the relationship between franchisor and franchisee shall apply unless the jurisdictional requirements of such laws are met independently of this paragraph

22.2 Jurisdiction and Venue You and we agree that venue and jurisdiction for any Claims shall be proper solely in the state and federal court nearest to our corporate headquarters, presently located in Richmond, Virginia

22.3 Jury Waiver In any trial between any of the parties as to any Claims you and we agree to waive our rights to a jury trial and instead have such action tried by a judge

22.4 Class Action Waiver You agree to bring any Claims, if at all, individually and you shall not join such claim with claims of any other person or entity or bring, join or participate in a class action against us

22 5 Punitive Damages Waiver As to any Claims, you and we agree to waive our rights, if any to seek or recover punitive damages

22 6 Limitations of Actions You agree to bring any Claims against us, if at all within one (1) year of the occurrence of the facts giving rise to such Claims, and that any action not brought within this period shall be barred as a claim counterclaim, defense or set-off

22 7 Prior Notice of Claims As a condition precedent to commencing an action for a Claim, you must notify us within thirty (30) days after the occurrence of the violation or breach, and failure to timely give such notice shall preclude any claim for damages

22 8 Internal Dispute Resolution You must first bring any Claim to our CEO after providing notice as set forth in Section 22 7 above You must exhaust this internal dispute resolution procedure before you may bring your Claim before a third party

22 9 Mediation Before you may bring any Claim against us in court, you agree to try for a period of 60 days to mediate such claim before a mutually agreed to mediator in the city or county where our headquarters are located If we cannot mutually agree on a mediator you and we agree to use the mediation services of the American Arbitration Association ("AAA") and split any AAA and mediator fees equally

22 10 Waiver of Bond You agree that if we are forced to bring suit to enforce any provision of this Agreement, you agree to waive any requirement that we post bond to obtain a temporary preliminary, or permanent injunction to enforce these duties

22 11 Attorney Fees If we are the substantially prevailing party as to any Claims, you agree to reimburse our costs and attorney fees incurred in pursuing or defending the Claims

22 12 Third Party Beneficiaries Our officers directors, members, shareholders agents, and employees are express third-party beneficiaries of the provisions of the Dispute Resolution provisions contained herein

23 MISCELLANEOUS

23 1 Relationship of Parties You are an independent contractor Nothing in this Agreement is intended to or does in fact or law make either party a general or special agent, joint venturer, partner, or employee of the other for any purpose This Agreement does not create a fiduciary relationship between us All employees or agents you hire or engage, or who work for you, are only your employees or agents, and are not for any purpose to be deemed our employees or agents, or subject to our control or right of control

23 2 No Liability, No Warranties

A You will not use the Marks in signing any contract instrument application for any license or permit, or legal obligation or in a manner that may result in liability to us for your obligations, except as this Agreement expressly authorizes Except as this Agreement expressly authorizes neither of us will make any express or implied agreements, warranties guarantees, or representations, or incur any debt, in the name of or on behalf of the other or represent that the relationship between you and us is other than that of franchisor and franchisee

B Except when another entity guarantees our obligations under this Agreement as provided for in the guaranty in our Franchise Disclosure Document (the "Guaranteeing Entity"), you agree that no past, present or future director officer, employee incorporator, member, partner, shareholder, subsidiary, affiliate controlling party, entity under common control ownership or management, vendor, service provider, agent, attorney or representative of ours (other than the Guaranteeing Entity but only to the extent of the terms of the guaranty) will have any liability for (i) any of our obligations or liabilities relating to or arising from this Agreement, (ii) any claim against us based on in respect of, or by reason of, the relationship between you and us, or (iii) any claim against us based on any alleged unlawful act or omission of ours

23.3 General Release In consideration of our agreement to enter into this Agreement you for yourself (and if you are an entity, for purposes of this Section "you" and "your" includes you as an entity and your directors, officers owners shareholders partners, members representatives employees agents and attorneys), and for each and all of your affiliates and related entities and such affiliates and related entities' directors officers owners shareholders, partners members, representatives, employees agents and attorneys, together with the predecessors, successors, heirs and assigns of each of the foregoing (individually collectively and in any combination, the "Releasing Parties"), releases and forever discharges us and our parents subsidiaries, and affiliates and the respective directors, officers, owners shareholders, partners, members, representatives employees, agents, attorneys, contractors predecessors successors, heirs and assigns of each of the foregoing (in their corporate and individual capacities), of and from all manner of actions causes of action, suits debts dues sums of money, accounts, reckonings, bonds bills, specialties, covenants, contracts, agreements, controversies, promises variances, trespasses, damages, judgments, executions, claims and demands whatsoever, in law admiralty or equity, that the Releasing Parties, ever had, now have, or that the Releasing Parties hereafter can or may have for on or by reason of any matter, cause or thing whatsoever, arising prior to and including the Effective Date of this Agreement

23.4 Force Majeure On an act of God terrorism, war, insurrection, civil commotion, strike, lockout, or embargo, or lack of water materials, power, or telephone transmissions specified or reasonably necessary for the operation of your Franchised Business or our business, or fire, hurricanes or unavoidable casualties, and any other occurrence event, or condition beyond your or our reasonable control whichever is applicable (a "Force Majeure") the party so affected will be relieved of its respective obligations to the extent that that party is necessarily prevented, or materially hindered or delayed in performance during the period of the Force Majeure, except a Force Majeure shall not relieve a party of any (i) payment obligations for monies owed, (ii) obligations that existed prior to the start of the period of the Force Majeure (iii) obligations that start after the period of Force Majeure, or (iv) other obligations that are not necessarily prevented or materially hindered or delayed during the period of the Force Majeure

23 5 Notices All notices required or permitted under this Agreement must be in writing, and must be personally delivered or mailed by registered or certified mail, return receipt requested, or by a nationally recognized courier service, to us at our principal place of address, and to you at your address listed below your signature line below. The addresses for notices may be changed at any time by either party by written notice given to the other party as provided in this Section. Any notice by registered or certified mail or by courier service is deemed given and received at the date and time of sending.

23 6 Personal Guaranty All Owners must sign the Guaranty of Payment and Performance in Schedule C.

24 ACKNOWLEDGEMENTS

You agree that (i) you have conducted an independent investigation of the business contemplated by this Agreement, recognize that it involves business risks, and recognize that making a success of a venture is largely dependent on your own business abilities, (ii) no assurance or warranty, express or implied, has been given to you by us or any of our affiliates as to the potential success of any business contemplated by this Agreement or the profits that may be achieved, and (iii) there are no promises, commitments, "side deals," options, rights of first refusal, or other rights or obligations in connection with this Agreement except as expressly provided for in this Agreement.

25 CONSTRUCTION

25 1 Waiver or Delay Except as otherwise stated in this Agreement, no waiver of or delay in requiring strict compliance with any obligation of this Agreement, or the exercise of any right or remedy provided in this Agreement, and no custom or practice at variance with the requirements of this Agreement, will constitute a waiver or modification of any obligation, right, or remedy, or preclude the exercise of any right or remedy or the right to require strict compliance with any obligation stated in this Agreement, or will preclude, affect, or impair enforcement of any right or remedy provided in this Agreement with respect to any later default.

25 2 Entire Agreement, Amendments The term "Agreement" as used in this Agreement includes all schedules attached to this Agreement and amendments to this Agreement, if any. This Agreement states the entire agreement between you and us related to the subject matter of this Agreement and fully replaces all prior agreements, representations, or understandings between you and us, whether oral or written, related to the subject matter of this Agreement. Except as otherwise expressly stated in this Agreement, this Agreement may be amended only by a written document signed by you and us. Notwithstanding the foregoing, nothing in this Agreement will disclaim or require you to waive reliance on any representation we make in our most recent disclosure document (including exhibits and amendments) delivered to you or your representative.

25 3 Operating, Developing, and Changing the System We have the right to operate, develop, and change the System in any manner that is not specifically prohibited by this Agreement. Whenever

we have reserved in this Agreement a right to take or to withhold an action or to grant or decline to grant you a right to take or omit an action we may, except as otherwise specifically provided in this Agreement, make our decision or exercise our rights based on information readily available to us and our judgment of what is in our and/or the System's best interests at the time our decision is made, without regard to either whether we could have made other reasonable or even arguably preferable alternative decisions or whether our decision promotes our financial or other individual interest

25.4 Survival of Obligations The obligations in this Agreement that by their terms require performance after the termination or expiration of this Agreement, or that by their nature would be expected to continue in effect after termination or expiration of this Agreement will survive the termination or expiration of this Agreement and will be enforceable notwithstanding the termination or expiration of this Agreement for any reason

25.5 Severability If for any reason, any portion, section, part, term, provision and/or covenant of this Agreement is determined to be invalid and contrary to, or in conflict with, any existing or future law or regulation by a court or agency having valid jurisdiction such will not impair the operation of or have any other effect upon such other portions, sections, parts terms provisions and/or covenants of this Agreement as may remain otherwise intelligible, and the latter will continue to be given full force and effect and bind the parties to this Agreement, and the invalid portions, sections parts terms, provisions and/or covenants will be deemed not to be a part of this Agreement

25.6 Time Time is of the essence to this Agreement

Franchisee _____

By _____

Printed Name _____

Title _____

Address _____

Thirsty Joe's Franchising, LLC

By _____

Effective Date _____

SCHEDULE A

1 AREA OF PROTECTION

The Area of Protection for the Restaurant is

2 SCHEDULE OF EVENTS

EVENT COMPLETION DEADLINE

You must obtain our acceptance of the Accepted Location, submit to us a site plan and a complete set of final Architectural Plans and you must have your lease, sublease or other rental agreement for the Accepted Location finalized and signed (including our acceptance under Section 6.4 of the Agreement) within 150 days after the Effective Date

Construction at the Accepted Location must begin within 240 days after the Effective Date

The Opening Date must occur within 360 days after the Effective Date

If you are diligently pursuing the Opening Date and are still unable to meet the completion deadlines in this Schedule, you may request an extension before the expiration of the missed deadline. We are not obligated to extend the missed deadline. You acknowledge and agree that the failure to fulfill these milestones could result in the termination of this Agreement.

3 OWNERSHIP SCHEDULE

a. Ownership Information. The following is a list of all shareholders, partners, members or other investors owning a direct or indirect interest in you, and a description of the nature of their interest:

NAME	OWNERSHIP INTEREST IN YOU	NATURE OF INTEREST

b. Principal Owner. Your Principal Owner is _____

c. Notice Addresses. The notice addresses of each party are set forth below:

Notices to us: Thirsty Joe's Franchising, LLC

3300 W. Cary St.

Richmond, VA 23221

Attention: Derek Cha

Email: franchise@thirstyjoesdrafthouse.com

Notices to you and your Owners

Attention _____

Facsimile _____

Email _____

SCHEDULE B
PERSONAL COVENANTS

All Persons Having an Equity Interest in Franchisee, and All of Franchisee's Directors and Officers Must Sign

Each undersigned ("you") agrees that

1 All capitalized terms used but not defined in these Personal Covenants will have the meaning stated in the Thirsty Joe's Draft House® Franchise Agreement between Thirsty Joe's Franchising, LLC ("we, "us," or "our") and _____ ("Franchisee") (the "Franchise Agreement")

2 You are the owner of an equity interest in Franchisee, or you are a director or officer, and as such you expect to or will gain a direct personal benefit from the Franchise Agreement, and you acknowledge that you have read and understand your obligations under the Franchise Agreement

3 As an inducement to us to enter into the Franchise Agreement, and in consideration of the direct and personal benefits you will derive from the Franchise Agreement, you agree that (i) you have read and understand all the provisions of Section 18 (Confidential Information Restrictive Covenants) of the Franchise Agreement, (ii) you will be personally bound by all of the obligations and covenants of Franchisee in Section 18 of the Franchise Agreement as if the obligations and covenants were made and given personally by you directly to us, and (iii) the obligations and covenants are fair and reasonable and will not deprive you of your livelihood

4 If any term in these Personal Covenants or in Section 18 of the Franchise Agreement must be interpreted by a court or an arbitrator of competent jurisdiction you agree that (i) these Personal Covenants are made freely and voluntarily by you and us, as 2 experienced businesspeople, in an arms-length commercial transaction, (ii) these Personal Covenants or Section 18 of the Franchise Agreement should not be construed in the same manner or under the same body of law as analogous terms in a contract of employment, (iii) if a court or arbitrator finds that any term in these Personal Covenants or Section 18 of the Franchise Agreement is invalid or unenforceable for any reason that term will automatically be modified to the minimum extent necessary to make it valid and enforceable and the modification will be deemed to have been a part of these Personal Covenants or Section 18 of the Franchise Agreement as of the date you sign these Personal Covenants or the Effective Date of the Franchise Agreement whichever is later (iv) the court or arbitrator should strictly construe these terms in favor of enforcement and (v) if any term could be construed two ways, one of which would render the term valid and the other of which would render the term invalid, the court or arbitrator will construe the term in the manner that renders it valid

5 These Personal Covenants will be governed by the choice of law provisions set forth in Sections 18 6 and 25 5 of the Franchise Agreement

The undersigned sign and deliver these Personal Covenants as of the date stated below their signatures

Name _____

Date _____, 20____

Address

SCHEDULE C

GUARANTY OF PAYMENT AND PERFORMANCE

THIS GUARANTY (the "Guaranty") is made by the undersigned individuals (whether one or more, jointly and severally, the "Guarantor"), in favor of Thirsty Joe's Franchising LLC, a Virginia limited liability company ("Thirsty Joe's")

A Thirsty Joe's and _____ ("Franchisee") are parties to a Thirsty Joe's Draft House ® Franchise Agreement dated _____ (the "Franchise Agreement")

B Guarantor is an owner of Franchisee, and anticipates benefit from the transactions evidenced by the Franchise Agreement and is therefore willing to sign this Guaranty Guarantor acknowledges having read and understood the terms and conditions of the Franchise Agreement

C Thirsty Joe's would not have agreed to enter into the Franchise Agreement without this Guaranty

Guarantor and Thirsty Joe's agree as follows

1 Guaranty Guarantor guarantees to Thirsty Joe's and its successors and assigns the following obligations (collectively, the "Obligations") (i) the full and prompt payment and performance of all Franchisee's and its owners' officers' directors' agents' and employees' obligations to Thirsty Joe's under the Franchise Agreement, any amendment to the Franchise Agreement or any other agreement between Franchisee and Thirsty Joe's, and (ii) the full and prompt payment or reimbursement of all amounts costs, expenses, claims liabilities or obligations Thirsty Joe's incurs under the Franchise Agreement Guarantor agrees that if Franchisee does not make payments under the Franchise Agreement when due or perform any obligations required of it in accordance with the Franchise Agreement or satisfy any Obligations Thirsty Joe's incurs related to any of them, Guarantor will make the payments and reimbursements and cause the obligations to be performed within 5 days of Thirsty Joe's notice to Guarantor If there is more than one Guarantor, all the terms in this Guaranty are joint and several

2 Payment If Franchisee defaults under the Franchise Agreement, Thirsty Joe's may proceed directly against any or each Guarantor without first proceeding against or notifying Franchisee and without proceeding against any other Guarantor

3 Waivers by Guarantor Guarantor waives (i) all rights to payments and claims for reimbursement or subrogation that each Guarantor may have against Franchisee arising as a result of the Guarantor's execution of and performance under this Guaranty for the express purpose that no Guarantor shall be deemed a "creditor" of Franchisee under any applicable bankruptcy law with respect to Franchisee's obligations to Thirsty Joe's, (ii) all rights to require Thirsty Joe's to proceed against Franchisee for any Obligation proceed against or exhaust any security from Franchisee, take any action to assist any Guarantor in seeking reimbursement or subrogation in connection with this Guaranty or pursue enforce or exhaust any remedy, including any legal or equitable relief against Franchisee (iii) any benefit of, any right to participate in, any security now or

hereafter held by Thirsty Joe's, and (iv) acceptance and notice of acceptance by Thirsty Joe's of the Guarantor's Obligations under this Guaranty all presentments demands and notices of demand for payment of any indebtedness or non-performance of any Obligations hereby guaranteed protest, notices of dishonor, notices of default to any party with respect to the indebtedness or nonperformance of any Obligations guaranteed by Guarantors and any other notices and legal or equitable defenses to which a Guarantor may be entitled Thirsty Joe's shall have no present or future duty or obligation to the Guarantors under this Guaranty, and each Guarantor waives any right to claim or assert any such duty or obligation, to discover or disclose to any Guarantor any information, financial or otherwise, concerning Franchisee, any Guarantor, or any collateral securing any Obligations of Franchisee to Thirsty Joe's Without affecting the Obligations of Guarantor under this Guaranty, Thirsty Joe's may, without notice to any Guarantor, extend modify, supplement waive strict compliance with or release all or any provisions of the Franchise Agreement or any indebtedness or Obligation or settle, adjust release or compromise (including if made in or out of court on receivership, liquidation, bankruptcy, reorganization, arrangement, or assignment for the benefit of creditors) any claims against Franchisee or any Guarantor, make advances for the purpose of performing any Obligations, assign the Franchise Agreement or the right to receive any sum payable under the Franchise Agreement, and the Guarantors each hereby jointly and severally waive notice of same Guarantors expressly acknowledge that the Obligations survive the expiration or termination of the Franchise Agreement

4 No Waiver By Thirsty Joe's Thirsty Joe's delay or failure to exercise of any right or remedy will not operate as a waiver thereof and no single or partial exercise by Thirsty Joe's of any right or remedy will preclude any further exercise thereof or the exercise of any other right or remedy

5 Consent to Jurisdiction Guarantor (i) submits to exclusive venue and personal jurisdiction in Virginia for the enforcement of this Guaranty, and (ii) waives all personal rights under the laws of Virginia or of any state to object to jurisdiction within Virginia for litigation related to this Guaranty, regardless of any present or future domicile of Guarantor Franchisee or Thirsty Joe's

6 Governing Law This Guaranty is to be construed under and governed by the law of the State of Virginia without regard to Virginia or any other, choice of law or conflicts of law principles If any provision of this Guaranty would not be enforceable under the laws of Virginia and if the business franchised under the Franchise Agreement is located outside of Virginia and the provision would be enforceable under the laws of the state in which the franchised business is located, then that provision and only that provision, will be interpreted and construed under the laws of that state Nothing in this Guaranty is intended to invoke the application of any franchise business opportunity antitrust, "implied covenant," unfair competition, fiduciary, or other doctrine of law of Virginia or any other state

7 Waiver of Punitive Damages

A NEITHER PARTY WILL BE ENTITLED TO RECOVER SPECIAL, CONSEQUENTIAL, EXEMPLARY, OR PUNITIVE DAMAGES

8 Notices Any notice under this Agreement must be in writing and is deemed delivered (i) 1 business day after being sent by commercial courier service for next business day delivery, or (ii) 5 days after being deposited in the United States mail for certified or registered delivery, return receipt requested postage prepaid Notice to Thirsty Joe's will be addressed to Legal Department at its principal place of address Notice to Guarantor will be addressed to the address stated below his or her signature at the end of this Guaranty The addresses for notices may be changed at any time by either party by written notice given to the other party as provided in this Section

9 Successors and Assigns The provisions of this Guaranty will bind Guarantor and Guarantor's respective heirs and personal representatives and will benefit Thirsty Joe's and its respective successors and assigns Guarantor will not assign this Guaranty without Thirsty Joe's prior written consent Guarantor's death will not terminate this Guaranty and the same will be enforceable against Guarantor's estate

10 Severability To the extent that any provision of this Guaranty would violate any applicable usury statute or any other applicable law, the Obligations will be reduced to the limit legally permitted, but the Obligation will be fulfilled to the limit of its legal validity The provisions of this Section will control every other provision of this Guaranty

11 No Release The cessation of or release from liability of any Guarantor will not relieve any other Guarantor from liability under this Guaranty or the Franchise Agreement except to the extent that the default has been remedied or monies owed have been paid

12 Termination of Franchise Agreement Guarantor agrees that the Obligations survive the termination of the Franchise Agreement

13 Costs and Attorneys Fees If Thirsty Joe's is engaged in any litigation arbitration, or other proceeding related to this Guaranty, or if any Guarantor is in default of its obligations under this Guaranty, Guarantor will pay Thirsty Joe's on demand, Thirsty Joe's costs for the litigation, arbitration, other proceeding, or default, including Thirsty Joe's reasonable attorneys fees, so that Thirsty Joe's receives payment within 5 days after demand

14 Waiver of Trial by Jury Thirsty Joe's and Guaranty irrevocably waive trial by jury in any action, proceeding, or counterclaim whether at law or in equity, brought by Thirsty Joe's or Guarantor

IN WITNESS WHEREOF, Guarantor has signed and delivered this Guaranty as of the date stated below Guarantor's signature

Name _____
Date _____, 20____

Address _____

SCHEDULE D

STATE ADDENDA TO THE FRANCHISE AGREEMENT

**CALIFORNIA ADDENDUM
TO THE FRANCHISE AGREEMENT**

If any of the terms of the Franchise Agreement are inconsistent with the terms below, the terms below control

Sections 20 2 and 20 3 are deleted and in their place are substituted the following

20 2 Our Termination No Opportunity to Cure We may terminate this Agreement without notice and the opportunity to cure for any of the following reasons

(a) The franchisee or the business to which the franchise relates has been judicially determined to be insolvent, all or a substantial part of the assets thereof are assigned to or for the benefit of any creditor, or the franchisee admits his or her inability to pay his or her debts as they come due

(b) The franchisee abandons the franchise by failing to operate the business for five consecutive days during which the franchisee is required to operate the business under the terms of the franchise or any shorter period after which it is not unreasonable under the facts and circumstances for the franchisor to conclude that the franchisee does not intend to continue to operate the franchise, unless such failure to operate is due to fire, flood earthquake, or other similar causes beyond the franchisee's control,

(c) The franchisor and franchisee agree in writing to terminate the franchise,

(d) The franchisee makes any material misrepresentations relating to the acquisition of the franchise business or the franchisee engages in conduct which reflects materially and unfavorably upon the operation and reputation of the franchise business or system,

(e) The franchisee fails, for a period of 10 days after notification of noncompliance to comply with any federal, state, or local law or regulation, including, but not limited to all health safety, building, and labor laws or regulations applicable to the operation of the franchise,

(f) The franchisee, after curing any failure in accordance with Section 20.3 engages in the same noncompliance whether or not such noncompliance is corrected after notice

(g) The franchisee breaches the franchise agreement three or more times in a 12-month period, whether or not corrected after notice,

(h) The franchised business or business premises of the franchise are seized, taken over or foreclosed by a government official in the exercise of his or her duties or seized, taken over, or foreclosed by a creditor, lienholder, or lessor provided that a final judgment against the franchisee remains unsatisfied for 30 days (unless a supersedeas or other appeal bond has been filed), or a levy of execution has been made upon the license granted by the franchise agreement or upon any property used in the franchised business, and it is not discharged within five days of such levy,

(i) The franchisee is convicted of a felony or any other criminal misconduct which is relevant to the operation of the franchise,

(j) The franchisee fails to pay any franchise fees or other amounts due to the franchisor or its affiliate within five days after receiving written notice that such fees are overdue or

(k) The franchisor makes a reasonable determination that continued operation of the franchise by the franchisee will result in an imminent danger to public health or safety

20.3 Our Termination Opportunity to Cure Within Cure Period We may terminate this Agreement, after sending you notice and a 60 day opportunity to cure, for any other breach of this Agreement

FRANCHISEE

Thirsty Joe's Franchising, LLC

By _____

By _____
Ki Young Cha, CEO

By _____

Date _____

**ILLINOIS ADDENDUM
TO THE FRANCHISE AGREEMENT**

If any of the terms of the Franchise Agreement are inconsistent with the terms below, the terms below control

1 Illinois law governs the Franchise Agreement

2 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. In that respect, you agree to bring any claim against us, including our present and former employees and agents, which in any way relates to or arises out of this Agreement, or any of the dealings of the parties hereto, solely in arbitration before the American Arbitration Association in the city or county where our National Headquarters office is located.

3 Franchisee rights upon termination and non-renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

4 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

Thirsty Joe's Franchising, LLC

By _____

By _____
Ki Young Cha, CEO

By _____

Date _____

**MARYLAND ADDENDUM
TO THE FRANCHISE AGREEMENT**

If any of the terms of the Franchise Agreement are inconsistent with the terms below, the terms below control

1 Any limitation on the period of time to bring arbitration or litigation of claims shall not act to reduce the 3 year statute of limitation afforded a franchisee for bringing a claim arising under the Maryland Franchise Registration and Disclosure Law Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise

2 A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law

3 A general release required as a condition of renewal sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law

4 All representations requiring prospective franchisees to assent to a release estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure law

FRANCHISEE

Thirsty Joe's Franchising, LLC

By _____

By _____
K1 Young Cha, CEO

By _____

Date _____

MINNESOTA ADDENDUM TO THE FRANCHISE AGREEMENT

If any of the terms of the Franchise Agreement are inconsistent with the terms below, the terms below control

- Minn Stat §80C 21 and Minn Rule 2860 4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial or requiring the franchisee to consent to liquidated damages termination penalties or judgment notes In addition nothing in the Franchise Disclosure Document or agreements can abrogate or reduce (1) any of the franchisee's rights as provided for in Minnesota Statutes Chapter 80C, or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction
- With respect to franchises governed by Minnesota law, the franchisor will comply with Minn Stat Sec 80C 14 Subds 3 4, and 5 which require (except in certain specified cases), that a franchisee be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the franchise agreement and that consent to the transfer of the franchise will not be unreasonably withheld
- The franchisor will protect the franchisee's rights to use the trademarks, service marks trade names logotypes or other commercial symbols or indemnify the franchisee from any loss costs or expenses arising out of any claim suit or demand regarding the use of the name

Minnesota considers it unfair to not protect the franchisee's right to use the trademarks Refer to Minnesota Statutes 80C 12 Subd 1(g)

- Minnesota Rules 2860 4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release
- The franchisee cannot consent to the franchisor obtaining injunctive relief The franchisor may seek injunctive relief See Minn Rules 2860 4400J

Also, a court will determine if a bond is required

The Limitations of Claims section must comply with Minnesota Statutes Section 80C 17 Subd 5

FRANCHISEE

Thirsty Joe's Franchising, LLC

By _____

By _____
K1 Young Cha, CEO

**NORTH DAKOTA ADDENDUM
TO THE FRANCHISE AGREEMENT**

If any of the terms of the Franchise Agreement are inconsistent with the terms below, the terms below control

- 1 You are not required to sign a general release upon renewal of the franchise agreement
- 2 The franchise agreement is amended to also provide as follows

“Covenants not to compete are generally considered unenforceable in the State of North Dakota ”

- 3 The provisions concerning choice of law, jurisdiction and venue jury waiver, and waiver of punitive damages are hereby deleted
- 4 North Dakota law governs any cause of action arising out of the franchise agreement
- 5 Any requirement in the Franchise Agreement that requires you to pay all costs and expenses incurred by us in enforcing the agreement is void Instead, the prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees

FRANCHISEE

Thirsty Joe's Franchising, LLC

By _____

By _____
K1 Young Cha, CEO

By _____

Date _____

**RHODE ISLAND ADDENDUM
TO THE FRANCHISE AGREEMENT**

If any of the terms of the Franchise Agreement are inconsistent with the terms below, the terms below control

1 If the franchise agreement contains any provisions that conflict with the Rhode Island Franchise Investment Act, the provisions of this Addendum shall prevail to the extent of such conflict

2 Any provision in the franchise agreement restricting jurisdiction or venue to a forum outside of Rhode Island is void with respect to a claim otherwise enforceable under the Rhode Island Franchise Investment Act

3 Any provision in the franchise agreement requiring the application of the laws of a state other than Rhode Island is void with respect to a claim otherwise enforceable under the Rhode Island Franchise Investment Act

4 The Rhode Island Franchise Investment Act stipulates that you cannot release or waive any rights granted under this Act Any provision of this franchise agreement, which constitutes a waiver of rights granted under the Act, is superseded

FRANCHISEE

Thirsty Joe's Franchising, LLC

By _____

By _____
K1 Young Cha CEO

By _____

Date _____

**SOUTH DAKOTA ADDENDUM
TO THE FRANCHISE AGREEMENT**

If any of the terms of the Franchise Agreement are inconsistent with the terms below, the terms below control

- 1 The Franchise Agreement is clarified to also indicate that 50% of the initial franchise fee and 50% of royalties are deemed paid for the use of our Marks and 50% are deemed paid for our training, support, and franchise system

FRANCHISEE

Thirsty Joe's Franchising, LLC

By _____

By _____
K1 Young Cha, CEO

By _____

Date _____

**WASHINGTON ADDENDUM
TO THE FRANCHISE AGREEMENT**

If any of the terms of the Franchise Agreement are inconsistent with the terms below, the terms below control

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 rights of your franchise There may also be court decisions that 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 signed by the 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 that 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 undersigned does hereby acknowledge receipt of this addendum

FRANCHISEE

Thirsty Joe's Franchising, LLC

By _____

By _____
K1 Young Cha, CEO

By _____

Date _____

**WISCONSIN ADDENDUM
TO THE FRANCHISE AGREEMENT**

If any of the terms of the Franchise Agreement are inconsistent with the terms below, the terms below control

- 1 If the Franchise Agreement contains any provision that conflict with the Wisconsin Fair Dealership Law, the provisions of this Addendum shall prevail to the extent of such conflict
- 2 The Franchise Agreement is amended to also include the following language

With respect to franchises governed by Wisconsin law, the Wisconsin Fair Dealership Law applies to most if not all franchise agreements and prohibits the termination cancellation non-renewal or the substantial change of the competitive circumstances of a dealership agreement without good cause That Law further provides that 90 days prior written notice of a proposed termination etc must be given to the dealer The dealer has 60 days to cure the deficiency and if the deficiency is cured the notice is void

FRANCHISEE

Thirsty Joe's Franchising, LLC

By _____

By _____
K1 Young Cha, CEO

By _____

Date _____

**EXHIBIT C
RELEASE**

THIS RELEASE is made and given by _____,
('Releasor') with reference to the following facts

- 1 Releasor and Thirsty Joe s Franchising, LLC ("Releasee') are parties to one or more franchise agreements

- 2 The following consideration is given

_____ the execution by Releasor of a successor Franchise Agreement or other renewal documents renewing the franchise (the "Franchise') or

_____ Releasor's consent to Releasee's transfer of its rights and duties under the Franchise Agreement, or

_____ Releasor's consent to Releasee s assumption of rights and duties under the Franchise Agreement, or

_____ [insert description]

- 3 Release- Franchisee and all of Franchisee's guarantors, members, employees, agents, successors, assigns and affiliates fully and finally release and forever discharge Releasee, its past and present agents, employees officers, directors, members Franchisees, successors, assigns and affiliates (collectively "Released Parties") from any and all claims, actions, causes of action contractual rights, demands damages, costs, loss of services expenses and compensation which Franchisee could assert against Released Parties or any of them up through and including the date of this Release
- 4 THIS IS A SPECIFIC RELEASE GIVING UP ALL RIGHTS WITH RESPECT TO THE TRANSACTIONS OR OCCURRENCES THAT ARE BEING RELEASED UNDER THIS AGREEMENT
- 5 California Releasor- You represent and warrant that YOU EXPRESSLY WAIVE ANY AND ALL RIGHTS AND BENEFITS UNDER CALIFORNIA CIVIL CODE §1542, which provides as follows

A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor

- 6 The above Release shall not apply to any liabilities arising under the California Franchise Investment Law, the California Franchise Relations Act, Indiana Code § 23-2-2 5 1

through 23-2-2 7-7, the Maryland Franchise Registration and Disclosure Law Michigan Franchise Investment Law, Minnesota Franchise Act, North Dakota franchise laws, the Rhode Island Investment Act, and the Washington Franchise Investment Protection Act

Franchisee

Thirsty Joe's Franchising, LLC

By _____

By _____
Kl Young Cha, CEO

Printed Name _____

Date _____

Title _____

EXHIBIT D

CURRENT FRANCHISEES

The following is a list of the names of all Franchisees and the address and telephone number of each of their outlets as of the end of our most recently completed fiscal year

None

EXHIBIT E

LIST OF FRANCHISEES WHO HAD AN OUTLET TERMINATED, CANCELLED, NOT RENEWED OR OTHERWISE CEASED TO DO BUSINESS

The following is a list of Franchisees who had an outlet terminated, cancelled, not renewed or otherwise ceased to do business under the Franchise Agreement during the most recently completed fiscal year or who had not communicated with us within ten weeks of the date of the disclosure document issuance date. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

None

EXHIBIT G

STATE ADDENDA TO DISCLOSURE DOCUMENT

CALIFORNIA ADDENDUM TO THE DISCLOSURE DOCUMENT

As to franchises governed by the California Franchise Investment Law, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control

The "Risk Factors" on the second page of the Disclosure Document is amended to also include the following

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE FRANCHISE DISCLOSURE DOCUMENT

Item 3 of the Disclosure Document is amended by adding the following paragraph

Neither we nor any person or franchise broker in Item 2 of this disclosure document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U S C A 78a et seq , suspending or expelling these persons from membership in this association or exchange

Item 17 of the Disclosure Document is amended by adding the following paragraphs

California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination, transfer, or non-renewal of a franchise If the franchise agreement contains a provision that is inconsistent with the law the law will control

Item 17 g of the Disclosure Document is modified to state that in addition to the grounds for immediate termination specified in Item 17 h , the franchisor can terminate upon written notice and a 60 day opportunity to cure for a breach of the Franchise Agreement

Item 17 h of the Disclosure Document is modified to state that the franchisor can terminate immediately for insolvency, abandonment, mutual agreement to terminate, material misrepresentation, legal violation persisting 10 days after notice, repeated breaches judgment, criminal conviction, monies owed to the franchisor more than 5 days past due and imminent danger to public health or safety

The franchise agreement requires application of the laws of Virginia This provision may not be enforceable under California law

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

SECTION 31125 OF THE FRANCHISE INVESTMENT LAW REQUIRES US TO GIVE TO YOU A DISCLOSURE DOCUMENT APPROVED BY THE COMMISSIONER OF CORPORATIONS BEFORE WE ASK YOU TO CONSIDER A MATERIAL MODIFICATION OF YOUR FRANCHISE AGREEMENT

YOU MUST SIGN A GENERAL RELEASE OF CLAIM IF YOU RENEW OR TRANSFER YOUR FRANCHISE CALIFORNIA CORPORATIONS CODE §31512 VOIDS A WAIVER OF YOUR RIGHTS UNDER THE FRANCHISE INVESTMENT LAW (CALIFORNIA CODE §§31000 THROUGH 31516) BUSINESS AND PROFESSIONS CODE §20010 VOIDS A WAIVER OF YOUR RIGHTS UNDER THE FRANCHISE RELATIONS ACT (BUSINESS AND PROFESSIONS CODE §§20000 THROUGH 20043)

Our website is located at www.thirstyjoe.com

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

**HAWAII ADDENDUM
TO THE DISCLOSURE DOCUMENT**

As to franchises governed by the Hawaii Franchise Investment Law if any of the terms of the Disclosure Document are inconsistent with the terms below the terms below control

THESE FRANCHISES HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, OR SUBFRANCHISOR WHICHEVER OCCURS FIRST, A COPY OF THE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE

THIS DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE

Registered agent in the stat authorized to receive service of process

Department of Commerce and Consumer Affairs
Business Registration Division
Securities Compliance Branch
335 Merchant Street, Room 203
Honolulu HI 96813

**ILLINOIS ADDENDUM
TO THE DISCLOSURE DOCUMENT**

As to franchises governed by the Illinois Franchise Disclosure Act if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control

- 1 Item 17 u is modified to provide that you must arbitrate claims against us
- 2 Item 17 v is modified to provide that arbitration shall take place in the location of our corporate headquarters
- 3 Item 17 w is modified to provide that Illinois law applies
- 4 Any condition, stipulation or provision of the Franchise Agreement purporting to bind you to waive compliance with any provision of the Illinois Franchise Disclosure Act or any other law of the State of Illinois is void
- 5 The conditions under which your Franchise Agreement can be terminated and your rights upon nonrenewal may be affected by Sections 19 and 20 of the Illinois Franchise Disclosure Act
- 6 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

MARYLAND ADDENDUM TO THE DISCLOSURE DOCUMENT

As to franchises governed by the Maryland Franchise Registration and Disclosure Law if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control

1 Item 17 v is modified to also provide "Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise "

2 Any limitation on the period of time to bring arbitration or litigation of claims shall not act to reduce the 3 year statute of limitation afforded a franchisee for bringing a claim arising under the Maryland Franchise Registration and Disclosure Law Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise

3 A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law

4 A general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law

5 All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law

MINNESOTA ADDENDUM TO THE DISCLOSURE DOCUMENT

As to franchises governed by the Minnesota franchise laws, If any of the terms of the Disclosure Document are inconsistent with the terms below the terms below control

- Minn Stat §80C 21 and Minn Rule 2860 4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota requiring waiver of a jury trial or requiring the franchisee to consent to liquidated damages termination penalties or judgment notes In addition nothing in the Franchise Disclosure Document or agreements can abrogate or reduce (1) any of the franchisee's rights as provided for in Minnesota Statutes Chapter 80C, or (2) franchisee's rights to any procedure forum or remedies provided for by the laws of the jurisdiction
- With respect to franchises governed by Minnesota law, the franchisor will comply with Minn Stat Sec 80C 14 Subds 3, 4, and 5 which require (except in certain specified cases) that a franchisee be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the franchise agreement and that consent to the transfer of the franchise will not be unreasonably withheld
- The franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss costs or expenses arising out of any claim, suit or demand regarding the use of the name

Minnesota considers it unfair to not protect the franchisee's right to use the trademarks Refer to Minnesota Statutes 80C 12, Subd 1(g)

- Minnesota Rules 2860 4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release
- The franchisee cannot consent to the franchisor obtaining injunctive relief The franchisor may seek injunctive relief See Minn Rules 2860 4400J

Also, a court will determine if a bond is required

The Limitations of Claims section must comply with Minnesota Statutes Section 80C 17 Subd 5

NEW YORK ADDENDUM TO THE DISCLOSURE DOCUMENT

As to franchises governed by the New York franchise laws, if any of the terms of the Disclosure Document are inconsistent with the terms below the terms below control

1 The following information is added to the cover page of the Franchise Disclosure Document

INFORMATION COMPARING FRANCHISORS IS AVAILABLE CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT F OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION IF YOU LEARN THAT ANYTHING IN THE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW BUREAU OF INVESTOR PROTECTION AND SECURITIES 120 BROADWAY, 23RD FLOOR NEW YORK, N Y 10271

THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE DISCLOSURE DOCUMENT HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE SET THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT

2 The following is added at the end of Item 3

Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2 or an affiliate offering franchises under the franchisor s principal trademark

A No such party has an administrative, criminal or civil action pending against that person alleging a felony a violation of a franchise, antitrust or securities law fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices or comparable civil or misdemeanor allegations

B No such party has pending actions, other than routine litigation incidental to the business which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations

C No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or within the 10 year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging violation of a franchise antifraud or securities law fraud, embezzlement fraudulent conversion or misappropriation of property, or unfair or deceptive practices or comparable allegations

D No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise or under a Federal, State or Canadian franchise, securities,

antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency, or is subject to any currently effective order of any national securities association or national securities exchange as defined in the Securities and Exchange Act of 1934 suspending or expelling such person from membership in such association or exchange or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent

3 The following is added to the end of Item 4

Neither the franchisor, its affiliate, its predecessor officers, or general partner during the 10-year period immediately before the date of the offering circular (a) filed as debtor (or had filed against it) a petition to start an action under the U S Bankruptcy Code, (b) obtained a discharge of its debts under the bankruptcy code, or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U S Bankruptcy Code or that obtained a discharge of its debts under the U S Bankruptcy Code during or within 1 year after the officer or general partner of the franchisor held this position in the company or partnership

4 The following is added to the end of Item 5

The initial franchise fee constitutes part of our general operating funds and will be used as such in our discretion

5 The following is added to the end of the "Summary" sections of Item 17(c), titled **"Requirements for franchisee to renew or extend,"** and Item 17(m), entitled **' Conditions for franchisor approval of transfer'**

However, to the extent required by applicable law all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687 4 and 687 5 be satisfied

6 The following language replaces the ' Summary' section of Item 17(d) titled **'Termination by franchisee'**

You may terminate the agreement on any grounds available by law

7 The following is added to the end of the "Summary" section of Item 17(j), titled **'Assignment of contract by franchisor'**

However, no assignment will be made except to an assignee who, in good faith and judgment of the franchisor, is willing and financially able to assume the franchisor's obligations under the Franchise Agreement

8 The following is added to the end of the "Summary" sections of Item 17(v) titled "**Choice of forum,**" and Item 17(w) titled "**Choice of law**"

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York

**NORTH DAKOTA ADDENDUM
TO THE DISCLOSURE DOCUMENT**

As to franchises governed by the North Dakota franchise laws, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control

Restrictive Covenants To the extent that covenants not to compete apply to periods after the term of the franchise agreement, they are generally unenforceable under North Dakota law

Applicable Laws North Dakota law will govern the franchise agreement

Waiver of Trial by Jury Any waiver of a trial by jury will not apply to North Dakota Franchises

Waiver of Exemplary & Punitive Damages Any waiver of punitive damages will not apply to North Dakota Franchisees

General Release Any requirement that the franchisee sign a general release upon renewal of the franchise agreement does not apply to franchise agreements covered under North Dakota law

Enforcement of Agreement Any requirement in the Franchise Agreement that requires the franchisee to pay all costs and expenses incurred by the franchisor in enforcing the agreement is void. Instead, the prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees

**RHODE ISLAND ADDENDUM
TO THE DISCLOSURE DOCUMENT**

As to franchises governed by the Rhode Island Franchise Investment Act, if any of the terms of the Disclosure Document are inconsistent with the terms below the terms below control

Item 17 m of the Disclosure Document is revised to provide

Section 19-28 1-14 of the Rhode Island Franchise Investment Act prohibits a franchisee to be restricted in choice of jurisdiction or venue To the extent any such restriction is purported to be required by us, it is void with respect to all franchisees governed under the laws of Rhode Island

Item 17 w of the Disclosure Document is revised to provide

Rhode Island law applies

**NORTH DAKOTA ADDENDUM
TO THE DISCLOSURE DOCUMENT**

As to franchises governed by the North Dakota franchise laws, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control

Restrictive Covenants To the extent that covenants not to compete apply to periods after the term of the franchise agreement, they are generally unenforceable under North Dakota law

Applicable Laws North Dakota law will govern the franchise agreement

Waiver of Trial by Jury Any waiver of a trial by jury will not apply to North Dakota Franchises

Waiver of Exemplary & Punitive Damages Any waiver of punitive damages will not apply to North Dakota Franchisees

General Release Any requirement that the franchisee sign a general release upon renewal of the franchise agreement does not apply to franchise agreements covered under North Dakota law

Enforcement of Agreement Any requirement in the Franchise Agreement that requires the franchisee to pay all costs and expenses incurred by the franchisor in enforcing the agreement is void. Instead, the prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees

**RHODE ISLAND ADDENDUM
TO THE DISCLOSURE DOCUMENT**

As to franchises governed by the Rhode Island Franchise Investment Act, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control

Item 17 m of the Disclosure Document is revised to provide

Section 19-28 1-14 of the Rhode Island Franchise Investment Act prohibits a franchisee to be restricted in choice of jurisdiction or venue To the extent any such restriction is purported to be required by us, it is void with respect to all franchisees governed under the laws of Rhode Island

Item 17 w of the Disclosure Document is revised to provide

Rhode Island law applies

WASHINGTON ADDENDUM TO THE FRANCHISE AGREEMENT

As to franchises governed by the Washington Franchise Investment Protection Act if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control. If any of the terms of the Franchise Agreement are inconsistent with the terms below, the terms below control.

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 rights of your franchise. There may also be court decisions that 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 signed by the 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 that 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.

**WISCONSIN ADDENDUM
TO THE DISCLOSURE DOCUMENT**

As to franchises governed by the Wisconsin Fair Dealership Law if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control

Item 17 is modified to also provide,

If the franchise agreement contains any provisions that conflict with the Wisconsin Fair Dealership Law the provisions of this Addendum shall prevail to the extent of such conflict

With respect to franchises governed by Wisconsin law the Wisconsin Fair Dealership Law applies to most, if not all, franchise agreements and prohibits the termination, cancellation non-renewal or the substantial change of the competitive circumstances of a dealership agreement without good cause That Law further provides that 90 days prior written notice of a proposed termination, etc must be given to the dealer The dealer has 60 days to cure the deficiency and if the deficiency is cured, the notice is void

EXHIBIT H
FRANCHISEE DISCLOSURE QUESTIONNAIRE

You and we are preparing to enter into a Franchise Agreement. This Acknowledgement is to determine whether any statements or promises were made to you that we did not authorize or are untrue, inaccurate or misleading, to ensure you have been properly represented, and that you understand the limitations on claims you may make relating to your franchise. **You cannot sign or date this Acknowledgement the same day as the Receipt for the Franchise Disclosure Document. You must sign and date it the same day you sign the Franchise Agreement and pay your franchise fee.** Please review each of the following questions carefully and provide honest responses. If you answer "Yes" to any of the questions below, please explain your answer on the back of this sheet.

- Yes__ No__ 1 Have you received and personally reviewed the Franchise Agreement and each attachment or schedule attached to it?
- Yes__ No__ 2 Do you understand all the information contained in the Franchise Agreement?
- Yes__ No__ 3 Have you received and personally reviewed the Franchise Disclosure Document we provided?
- Yes__ No__ 4 Do you understand all the information contained in the Franchise Disclosure Document?
- Yes__ No__ 5 Have you reviewed the Franchise Disclosure Document and Franchise Agreement with a lawyer, accountant or other professional advisor?
- Yes__ No__ 6 Do you understand the risks of developing and operating this franchise?
- Yes__ No__ 7 Do you understand that your investment involves substantial business risks and that there is no guarantee that your business will be profitable?
- Yes__ No__ 8 Do you understand the success or failure of your franchise will depend in large part upon your skills, abilities and efforts and those of the persons you employ as well as many factors beyond your control such as competition, the economy, labor and supply costs and other relevant factors?
- Yes__ No__ 9 Do you acknowledge that the success of your franchise in large part relies upon your ability as an independent business person and your active participation in the day to day operation of the business?

Yes__ No__ 10 Do you agree that no employee or other person speaking on our behalf has made any statement, promise, or agreement, that is contrary to or different from what is stated in the Franchise Disclosure Document and Franchise Agreement?

Yes__ No__ 11 Do you agree that no employee or other person speaking on our behalf made any statement or promise regarding the actual, average or projected profits or earnings, the likelihood of success the amount of money you may earn, or the total amount of revenue you will generate, that is not contained in Item 19 of the Franchise Disclosure Document or that is contrary to, or different from, the information contained in Item 19 of the Franchise Disclosure Document, and that you have not made a decision to purchase your franchise based on any such representations?

Yes__ No__ 12 Do you understand that the Franchise Agreement and attachments to the Franchise Agreement contain the entire agreement between us and you concerning this franchise, meaning any prior oral or written statements not set out in the Franchise Agreement or the attachments to the Franchise Agreement will not be binding?

All representations requiring prospective franchisees to assent to a release estoppel or waiver of any liability are not intended to nor shall they act as a release estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law

By signing below you are representing that you have responded truthfully to the above questions

Name of Applicant (please print)

Signature

Date _____

Explanation of any negative responses (Refer to Question Number)

EXHIBIT I
OPERATIONS MANUAL TABLE OF CONTENTS

Thirsty Joe's Draft House
Table of Contents to Operations Manual

<u>Chapter</u>	<u>Page Count</u>
Chapter 1 Introduction	6
Chapter 2 Welcome to Thirsty Joe's	4
Chapter 3 Support Resources	1
Chapter 4 Franchisee Training	3
Chapter 5 Site Selection and Store Set Up	31
Chapter 6 Staffing Your Thirsty Joe's Franchise	13
Chapter 7 Thirsty Joe's Policies	3
Chapter 8 Menu Item and Recipes	4
Chapter 9 Operation and Maintenance	6
Chapter 10 Administration	9
Chapter 11 Marketing	25
Chapter 12 Insurance Requirements & Risk Management	2
Chapter 13 Trademarks & Trade Secrets- Protection Policies	3
 Total	 110 pages

EXHIBIT J

RECEIPT

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Thirsty Joe's Franchising, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

Iowa requires that we give you this Disclosure Document at the earlier of the first personal meeting or 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

Michigan requires that we give you this Disclosure Document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

New York requires that we give you this Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If Thirsty Joe's Franchising, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state agency listed in Exhibit A.

The franchisor is Thirsty Joe's Franchising, LLC, 3300 W. Cary St., Richmond, VA 23221. Its telephone number is (804) 513-0474.

Issuance date: April 18, 2018

The Franchise Sellers for this offering are:

X Derek Cha, 3300 W. Cary St., Richmond, VA 23221 (804) 874-8440

X Brian Sullivan, 3300 W. Cary St., Richmond, VA 23221 (804) 874-8440

Thirsty Joe's Franchising, LLC authorizes the respective state agencies identified in Exhibit A to receive service of process for us in the particular state.

I received a Disclosure Document dated April 18, 2018, that included the following Exhibits:

EXHIBIT A STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

EXHIBIT B FRANCHISE AGREEMENT AND RELATED AGREEMENTS

Schedule A - Area of Protection, Schedule of Events and Ownership Schedule

Schedule B - Personal Covenants

Schedule C - Guaranty of Payment and Performance

Schedule D - State Law Addenda

EXHIBIT C RELEASE

EXHIBIT D LIST OF CURRENT FRANCHISEES

EXHIBIT E LIST OF FORMER FRANCHISEES

EXHIBIT F FINANCIAL STATEMENTS
EXHIBIT G STATE ADDENDA TO DISCLOSURE DOCUMENT
EXHIBIT H FRANCHISEE DISCLOSURE QUESTIONNAIRE
EXHIBIT I TABLE OF CONTENTS TO OPERATIONS MANUAL
EXHIBIT J RECEIPTS

PROSPECTIVE FRANCHISEE

Date you received this Disclosure Document

If an individual

If a business entity

Name of Business Entity

By

Signature

Signature

Printed Name

Printed Name/Title

Address

Address

(Telephone number)

(Telephone number)

Please sign date, and retain this copy for your records

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New York requires that we give you this Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

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EXHIBIT I TABLE OF CONTENTS TO OPERATIONS MANUAL
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PROSPECTIVE FRANCHISEE

Date you received this Disclosure Document

If an individual

If a business entity

Name of Business Entity

By

Signature

Signature

Printed Name

Printed Name/Title

Address

Address

(Telephone number)

(Telephone number)

Please sign, date and return this copy to us at Thirsty Joe's Franchising, LLC, 3300 W Cary St
Richmond VA 23221