RECEIVED

2017 MAY 17 PM 2:01

DEPARTMENT OF BUSINESS OVERSIGHT SAN FRANCISCO

FRANCHISE DISCLOSURE DOCUMENT
(FOR AREA REPRESENTATION FRANCHISES)

Tilted Kilt PUB & EATERY

Tilted Kilt Franchise Operating, LLC
(a Wyoming limited liability company)
8915 S Harl Avenue
Tempe, Arizona 85284
Phone (480) 456-5458
Fax (480) 456-0385
Website www tiltedkilt com

Tilted Kilt Franchise Operating, LLC is offering franchises for the operation of an Area Representative business to solicit and identify prospective franchisees who are qualified to operate Celtic-themed sports and entertainment bars and restaurants ("Restaurants") and to provide ongoing supervision to Restaurant franchisees located in a particular geographic area, in exchange for a portion of the initial and ongoing franchise fees paid by these franchisees

The total estimated investment necessary to begin operation of an Area Representative business, exclusive of any Restaurant-related costs, ranges from $109,000 to $632,500, depending on the number of Restaurants to be developed within the Area Representative's territory These amounts include an area representative fee which is typically between $90,000 to $540,000 that must be paid to us

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 or grant **Note, however, that no governmental agency has verified the information contained in this document.**

You may wish to receive this Disclosure Document in another format that is more convenient for you To discuss the availability of disclosures in different formats, contact Ed Messina at 8915 S Harl Avenue, Tempe, Arizona 85284, (480) 456-5458

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 11, 2017, as amended May 16, 2017

STATE COVER PAGE

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

Call the state franchise administrator listed in Exhibit A for information about the franchisor, about other franchisors, 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 AREA REPRESENTATIVE AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH US BY BINDING ARBITRATION NEAR OUR PRINCIPAL OFFICE (CURRENTLY LOCATED IN ARIZONA) OUT OF STATE ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES IT MAY ALSO COST YOU MORE TO ARBITRATE WITH US NEAR OUR PRINCIPAL OFFICE THAN IN YOUR HOME STATE

2 THE AREA REPRESENTATIVE AGREEMENT STATES THAT ARIZONA 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 IF YOU ARE A CORPORATION, PARTNERSHIP, LIMITED LIABILITY COMPANY, OR OTHER BUSINESS ENTITY, YOUR OWNERS WILL HAVE TO GUARANTEE YOUR OBLIGATIONS AND BE BOUND BY THE PROVISIONS OF OUR FRANCHISE AGREEMENT IF THE OWNER IS A RESIDENT OF A STATE WHICH REQUIRES SPOUSAL CONSENT TO ENCUMBER THE ASSETS OF A MARITAL ESTATE, THEN THE OWNER'S SPOUSE MUST CONSENT TO THE GUARANTY

4 THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE

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

The effective dates of this Disclosure Document in the states with registration laws are on the following page

FRANCHISE DISCLOSURE DOCUMENT
STATE EFFECTIVE DATES

The following states require that the 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 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	April 27, 2017, as amended ____________, 2017
Illinois	April 12, 2017, as amended May 17, 2017
Indiana	April 11, 2017, as amended May 16, 2017
Maryland	April 25, 2017, as amended ____________, 2017
Michigan	April 12, 2017, as amended May 16, 2017
Minnesota	Pending
New York	Pending
North Dakota	April 18, 2018, as amended ____________, 2017
Rhode Island	April 11, 2017, as amended ____________, 2017
South Dakota	April 12, 2017, as amended May 16, 2017
Virginia	April 20, 2017, as amended ____________, 2017
Washington	Pending
Wisconsin	April 11, 2017, as amended May 16, 2017

In all other states, the effective date of this Disclosure Document is the issuance date of April 11, 2017, as amended May 16, 2017

THE FOLLOWING APPLIES TO TRANSACTIONS GOVERNED BY THE MICHIGAN FRANCHISE INVESTMENT LAW

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

Each of the following provisions is void and unenforceable if contained in any documents relating to a franchise

(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 estoppels 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, logotype, 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 obligations to fulfill contractual obligations to the franchisee unless provision has been made for providing the required contractual services

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

Any questions regarding this notice should be directed to

State of Michigan
Department of Attorney General
Consumer Protection Division
Franchise Section
G Mennen Williams Building, 6th Floor
525 West Ottawa Street
P O Box 30213
Lansing, Michigan 48909
Telephone Number (517) 373-7117

Note- Despite paragraph (f) above, we intend, and we and you agree to fully enforce the arbitration provisions of the Area Representative Agreement We believe that paragraph (f) is unconstitutional and cannot preclude us from enforcing these arbitration provisions

TABLE OF CONTENTS

EXHIBITS

ITEM 1
THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

The Franchisor and Any Parents, Predecessors and Affiliates

The name of the franchisor under the program described in this Disclosure Document ("Disclosure Document") is Tilted Kilt Franchise Operating, LLC For ease of reference, the franchisor will be referred to as "we," "us" or "TKFO" in this Disclosure Document We will refer to the person who buys the franchise as "you" or "your" throughout this Disclosure Document If you are a corporation, partnership, or limited liability company, your owners will have to guarantee your obligations and be bound by the provisions of the Area Representative Agreement ("Area Representative Agreement"), attached as Exhibit B to this Disclosure Document The owners' spouses may also be required to acknowledge the guaranty

We were formed on October 13, 2005 as a Wyoming limited liability company Our principal offices are located at 8915 S Harl Avenue, Tempe, Arizona 85284 We currently do business only under our corporate name and the trade name and service mark "Tilted Kilt Pub and Eatery " Our agents for service of process are listed on Exhibit A

Our affiliates are Tilted Kilt Franchise Ltd Liability Company ("TKFL"), Tilted Kilt National Advertising and Marketing Fund ("TKNAMF"), TK Training LLC ("TK Training"), and TK Franchising International LLC ("TKFI") TKFL was also formed on October 13, 2005 as a Wyoming limited liability company TKFL owns the service marks "TILTED KILT," "TILTED KILT PUB & EATERY" and design and other service marks, trademarks, proprietary concepts, and intellectual property associated with our system TKNAMF was formed as an Arizona non-profit corporation on November 17, 2010 TKNAMF administers the marketing fund TK Training was organized on December 24, 2013, under the laws of the State of Arizona, and facilitates training services provided to franchisees TKFI was organized as an Arizona limited liability company on July 14, 2014, for the purpose of offering franchises for TILTED KILT Restaurants outside of the United States and Canada As of May 15, 2017, there were no Tilted Kilt franchises outside of the United States and Canada. Our affiliates share our principal business location We do not have a parent company

In October 2005, we acquired our rights to the Tilted Kilt concept, and TKFL acquired the related marks and intellectual property from Let's Eat, Inc ("LEI"), a Nevada corporation formed on November 5, 2001 TKFL licenses the rights to the marks and intellectual property to us LEI originated the concept in connection with the opening in 2003 of the first Restaurant in the Rio Hotel and Casino in Las Vegas, Nevada LEI may be considered our predecessor LEI's principal office address is 3700 W Flamingo Rd , Las Vegas, Nevada 89103

The Franchises

We offer franchises for area representative businesses (sometimes also referred to as "area developer" businesses) ("Area Representative Businesses") in which an area representative ("Area Representative") acts as an independent franchise sales and support representative within a defined geographic area ("Area Representative Area" or "ARA") to solicit and identify prospective franchisees to operate sports and entertainment bars and restaurants ("TILTED KILT Restaurants" or "Restaurants"), to assist franchisees in locating and securing sites for TILTED KILT Restaurants within the ARA and to provide additional support before, during and after the Restaurant opens The Area Representative Agreement provides for the number of Restaurants to be developed and the time frame in which they must open in the ARA An Area Representative may either own or sell franchises for the Restaurants to others A separate franchise agreement is signed by us and the franchisee for each Restaurant to be developed

Area Representatives are granted certain rights to use our service mark "TILTED KILT" and related logos, trademarks, service marks and commercial symbols ("Marks") and our distinctive entertainment and business format, systems, methods, procedures, designs, layouts and specifications ("Licensed Methods") Under the terms of the Area Representative Agreement, Area Representatives are licensed one or more manuals, including our operations and marketing manual, technical bulletins or other written or videotaped materials ("AR Manuals") All or a portion of the support as may be made available to a Restaurant franchisee ("Franchisee") under the terms of a franchise agreement ("Franchise Agreement"), attached as an exhibit to the Area Representative Agreement, may be available from us or from one of our Area Representatives

We offer franchises for the operation of TILTED KILT Restaurants by a separate disclosure document The Restaurants offer dinner entrees, traditional pub food, hamburgers, and salads made with fresh, quality ingredients, accompanied by full bar service, served up by uniquely kilt-clad wait staff in a lively, Celtic-themed atmosphere with numerous large screen televisions featuring sports programming The cornerstone of the Tilted Kilt concept is the "Tilted Kilt Girls," female servers chosen for their attractiveness, intelligence, and outgoing personalities The Tilted Kilt Girls, dressed in trademarked kilt-clad costumes, entertain and interact with guests while serving food and drinks As of May 15, 2017, there were 56 franchised TILTED KILT Restaurants in the United States

Regulations

Both the Federal Trade Commission and many states regulate the sale of franchises, and the relationship between franchisors and franchisees, so Area Representatives must comply with these regulations when they offer TILTED KILT franchises for sale and when they assist TILTED KILT Franchisees You are responsible for complying with these applicable laws, rules and regulations, as well as with all local, state and federal laws of a more general nature, which affect the operation of your business You should consult with your attorney on this subject, especially regarding state and local laws, rules and regulations that may affect the operation of your business at your particular location. You are responsible for complying with employment, worker's compensation, insurance, corporate, taxing and licensing laws and similar laws and regulations

Tilted Kilt Girls will be the servers and hostesses in the TILTED KILT Restaurants We require that TILTED KILT Restaurants hire only females as Tilted Kilt Girls Consistent with our belief that what we sell is an entertainment experience, we believe the hiring decisions in this regard are protected by free speech rights, and we believe this practice falls under the bona fide occupational qualification defense under Title VII of the Civil Rights Act of 1964, as amended However, the risk of being challenged on such hiring practices is a business risk associated with the Tilted Kilt concept

Market and Competition

The market for both casual dining and for sports bars is well established and highly competitive The sports bar market segment of the food service industry is only loosely defined and includes diverse concepts, but is generally considered to include establishments that combine the availability of food, alcoholic beverages and sports viewing, games and other entertainment under one roof Statistics indicate a trend toward increased popularity in the United States of affordably priced, casual restaurants with high quality menu offerings The popularity of this market segment, however, has also significantly increased the competition The restaurant business is highly competitive as to price, location, service, and food quality TILTED KILT Restaurants compete with national as well as regional restaurant chains and sports and entertainment bars, operating under well-known and recognizable service marks as well as with independent, sports themed restaurants and sports and entertainment bars and other businesses which offer food and beverages

If you purchase an Area Representative franchise, you will compete with other persons and companies selling franchises, including other franchisors and independent franchise brokers

Our Prior Business Experience

Neither we nor our affiliates operate a business of the type being franchised. Our predecessor, LEI, operated a TILTED KILT Restaurant in Las Vegas, Nevada from 2003 to 2007 LEI also licensed two Restaurants, both of which opened in 2005, one in Tempe, Arizona and the other in Round Rock, Texas The Round Rock, Texas Restaurant closed in 2010 due to a fire TKFL does not currently operate a TILTED KILT Restaurant We have offered franchises for Area Representative Businesses and TILTED KILT Restaurants since February 2006 We have not offered franchises for any other line of business Except for TKFI, none of our affiliates nor our predecessor has offered franchises in any line of business Except as provided above, none of our affiliates are required to be disclosed in this Item

ITEM 2
BUSINESS EXPERIENCE

President, Chief Executive Officer, Principal Manager and Director Ronald C Lynch

Mr Lynch has been our President, Principal Manager and a Director since our inception and our Chief Executive Officer since May 2017 From June 2006 to September, 2013, through Red River Kilt Group, LLC, Mr Lynch was an Area Developer serving the State of Oklahoma and the Dallas-Ft Worth area in Texas From January 1997 to November 2012, Mr Lynch was the owner and Manager of Phoenix Deli Development, LLC, which owned and operated four Schlotzsky's Deli franchises in Phoenix, Arizona (with one Schlotzsky's Deli's location also having a Carvel franchise since 2008 and the other three Schlotzsky's Deli locations also having Cinnabon franchises since 2008) Mr Lynch has also served as President, Manager and a Director of our affiliate TKFL in Tempe, Arizona since October 2005

Senior Vice President of Franchise Development Mark Hanby II

Mr Hanby has been our Senior Vice President of Franchise Development since August 2009 From May 2007 to August 2009, he was our Director of Franchise Development

Chief Operating Officer Logan Reves

Mr Reves has been our Chief Operating Officer since June 2016 From July 2014 to June 2016, Mr Reves was our Vice President of Operations, and from January 2014 to June 2014 he was our Franchisee & Area Developer Strategic Support From August 2011 to December 2013, he was Vice President of New Store Development for Focus Brands/Schlotzsky's in Austin, Texas

Senior Director of Franchise Development Edward John Messina

Mr Messina has been our Senior Director of Franchise Development since July 2015 From April 2013 to July 2015, he was our Director of Franchise Development and from April 2007 to April 2013, he was a Franchise Business Consultant for us in Tempe, Arizona

General Counsel Michael Lynch

Mr Lynch has been our General Counsel since October 2016 From our inception to October 2016, Mr Lynch was our corporate counsel From June 2006 to September 2013, through Red River Kilt Group, LLC, Mr Lynch was also an Area Developer serving the state of Oklahoma and the Dallas-Ft Worth area in Texas

General Counsel Jonathan Perez

Mr Perez has been our General Counsel since October 2016 From September 2014 to October 2016, Mr Perez was our Corporate Counsel From May 2005 to August 2014, he was Associate General Counsel at Honeywell International in Morristown, New Jersey

Director of Training Erin Colombi

Ms Colombi has been our Director of Training since June 2016 From July 2013 to June 2016, she was a Franchise Business Consultant for us From June 2011 to July 2013, she was our Multi-Unit General Manager – Corporate Pubs

Director Mark J DiMartino

Mr DiMartino has been one of our Directors since January 2006 Mr DiMartino has been the President of Let's Eat, Inc since October 2006 and was the creator of the Tilted Kilt concept Let's Eat, Inc owned and operated the first TILTED KILT Restaurant in Las Vegas, Nevada from 2003 to 2007 Since March 2011, Mr DiMartino has been the managing member of MDM Creative, LLC, a consulting and concept development company which services the hospitality industry in Las Vegas, Nevada.

Director John A Reynaud

Mr Reynaud has been one of our Directors since November 2005 Since July 2015, he has also been the owner of JR Golf Management LLC (d/b/a Pure Science Golf) in Clearwater, Florida From June 2006 to December 2014, Mr Reynaud was an Area Developer for us Mr Reynaud was a member/manager of TK Ventures 1, LLC, a franchisee that has owned a TILTED KILT Restaurant in Clearwater, Florida from June 2006 to December 2014 and a member/manager of Sunshine Kilts, LLC, a franchisee that owns a TILTED KILT Restaurant in Tampa, Florida from May 2010 to December 2014

Director Shannon M. Reilly

Mr Reilly has been one of our Directors since October 2005 He was an Area Developer for us from August 2008 to December 2015

ITEM 3
LITIGATION

Pending

Kilt Holdings, LLC v Tilted Kilt Franchise Operating, LLC (American Arbitration Association No 01-16-0000-9794), Kilt Holdings, LLC v Tilted Kilt Franchise Operating, LLC, No 3 16-cv-00171 (United States District Court for the Northern District of Indiana) On March 22, 2016, an area developer filed an arbitration demand in Tempe, Arizona, alleging that we breached our area developer agreement and unnamed state franchise laws by wrongfully terminating its area development agreements after we terminated those area development agreements for the area developer's failure to meet the applicable development schedules The claimant seeks damages of up to $10 million On April 7, 2016, we filed an answering statement, counterclaim, and third party demand, denying all claims of claimant and alleging claimant and the third-party guarantors breached their obligations under their area developer agreements, resulting in the termination for cause of those agreements prior to the expiration of their terms The claimant/counter-respondent filed an answering statement to our counterclaim on April 26, 2016, and amended/specified its claims on July 1, 2016, asserting claims for breach of implied covenant of good faith and fair dealing, violations of the Indiana Deceptive Franchise Practices Act, the Michigan Franchise Investment Law, and the Nebraska Franchise Practices Act, breaches of contract, and fraud in the inducement Claimant/counter-respondent seeks a declaratory judgment that no good cause exists for us to terminate its area development agreements for territories in Indiana, Michigan and Nebraska, an accounting, and appointment of a special master, as well as punitive and exemplary damages and its costs and fees We filed an answering statement on July 7, 2016, denying all amended/specified claims alleged Claimant/counter-respondent requested permission to file a motion for preliminary injunction, which was denied by the arbitrator on September 8, 2016 On April 7, 2017, we filed amended counterclaims and third party demands alleging claimant, its predecessors in interest, and the third-party guarantors breached their obligations under their area developer agreements and franchise agreement, resulting in the termination for cause of those agreements prior to the expiration of their terms We seek over $20 million in damages and our attorneys' fees and costs On April 14, 2017, claimant/counter-respondent and the third-party guarantors generally denied our amended counterclaims, and on April 21, 2017, claimant/counter-respondent requested to amend its claims against us again The request has been fully briefed by the parties and is awaiting ruling by the arbitrator We intend to defend against all claims asserted against us

Also on March 22, 2016, the area developer filed a complaint in the United States District Court for the Northern District of Indiana asserting claims for breach of implied covenant of good faith and fair dealing, violations of the Indiana Deceptive Franchise Practices Act, the Michigan Franchise Investment Law, and the Nebraska Franchise Practices Act, breaches of contract, and fraud in the inducement Plaintiff sought a declaratory judgment that no good cause exists for us to terminate its area development agreements for territories in Indiana, Michigan and Nebraska, an accounting, and appointment of a special master In addition, plaintiff sought monetary damages in excess of $75,000, plus punitive and exemplary damages and its costs and fees On March 25, 2016, plaintiff filed a motion for temporary restraining order and preliminary injunction The court determined that plaintiff's jurisdictional statement was deficient and entered an order that plaintiff must file an amended statement by April 11, 2016, which it did. On May 31, 2016, we filed an answer and affirmative defenses to plaintiff's complaint, and on June 1, 2016, we filed our response in opposition to plaintiff's motion On July 6, 2016, plaintiff withdrew its motion for temporary restraining order and preliminary injunction. On August 22, 2016, the parties filed a stipulation of voluntary dismissal without prejudice, and the case was dismissed on August 23, 2016 We filed a motion for attorneys' fees and costs on September 6, 2016, which the court granted in full on April 12, 2017, awarding us $35,238 17 in attorneys' fees and $1,121 14 in costs On May 10, 2017, plaintiff filed a notice of appeal of the court's award of our attorneys' fees and costs (<u>Kilt Holdings, LLC v Tilted Kilt Franchise Operating, LLC</u>, Case No 17-1994, United States Court of Appeals for the Seventh Circuit) We intend to defend against this appeal

<u>Completed</u>

<u>Full Tilt, LLC, Billy Shroyer, Jr and Kevin Harn v Tilted Kilt Franchise Operating, LLC</u> (American Arbitration Association No 76 114 Y 00280 11) On November 28, 2011, claimants filed a demand for arbitration with the American Arbitration Association in Tempe, Arizona. Claimant, Full Tilt, LLC ("Full Tilt"), was a party to a multi-unit development agreement and a franchise agreement pursuant to which it operated one Tilted Kilt restaurant in Louisville, Kentucky At one time, Full Tilt was a party to five multi-restaurant development agreements and two franchise agreements with us, each of which were guaranteed by Billy Shroyer, Jr and Kevin Harn All of the agreements have either been terminated by us or expired. In the demand for arbitration, as amended, Claimants alleged that we breached four of the multi-restaurant development agreements by granting unauthorized development rights in Full Tilt's territory, interfering with the site-selection process, and delaying or unreasonably refusing to approve restaurant sites, despite our agreement to extend the development schedules Claimants also asserted that we breached both franchise agreements by violating territorial protections granted to Full Tilt, interfering with the site-selection process, and enforcing design plans and sourcing requirements that delayed construction and inflated construction costs As a result of these alleged breaches, Mr Shroyer and Mr Harn argued that they were not required to perform under the guaranties In addition, claimants argued

that by setting unreasonable deadlines to open restaurants, failing to uniformly enforce site selection criteria and withholding or delaying approval of potential sites, we breached the covenant of good faith and fair dealing Claimants further alleged that we received funds in violation of the Arizona racketeering statutes and fraudulently induced claimants to enter into the agreements with us based on false projections regarding the profitability of a restaurant Claimants sought rescission of the multi-restaurant development agreements, one franchise agreement and the related guaranties, a return of all fees paid to us, an unspecified amount of monetary damages, establishment of a constructive trust over any fees we improperly received from claimants, treble damages and attorneys' fees and costs We filed an answer denying all claims and asserted that the claimants breached the agreements (as well as the guaranties to each agreement) by failing to develop restaurants and failing to operate restaurants in accordance with the terms and conditions of the respective agreement

An arbitration hearing was held in September 2013 On December 8, 2013, the arbitrator issued an Interim Award The Interim Award denied all of claimants' claims set forth in their amended demand for arbitration. However, the arbitrator awarded claimants a refund of the $150,000 fee paid under the multi-restaurant development agreement because he determined that our area developer made a negligent misrepresentation. In addition, the arbitrator found that "the demonstrable management failures by claimants" caused the failure of the Louisville restaurant, not any breach by us of any agreement The Interim Award did not award us relief on our counterclaims for lost future royalties The Interim Award did not determine the question of whether either party was entitled to recovery of its attorneys' fees and requested additional briefing on that issue On January 9, 2014, the arbitrator issued a Final Award holding claimants responsible for all of the fees associated with the arbitration. The arbitrator ordered that each party bear its own attorneys' fees and costs, and claimants bear the administrative fees of the American Arbitration Association and the arbitrator's compensation Ultimately, the arbitrator ordered claimants to pay us $26,850 in reimbursement for fees in excess of the apportioned costs previously incurred by us On May 9, 2014, we filed a petition to confirm the arbitration award in federal district court for the district of Arizona. On June 25, 2014, the court entered judgment against Full Tilt, Kevin Harn, and Billy Shroyer, and confirmed the arbitration award entered on January 9, 2014 by the arbitrator

Tilted Kilt Franchise Operating, LLC v 1220, LLC, Robert Baroud, Emil Baroud, Anthony Baroud, and Peter Baroud, No 1 15-cv-10377 and No 16-cv-744 (United States District Court for the Northern District of Illinois) On November 17, 2015, we filed a complaint for declaratory judgment and further relief in the United States District Court for the Northern District of Illinois against the area developer (1220, LLC) for designated territories in Northern Illinois, Southern Wisconsin and Northwest Indiana, and the guarantors of the area developer We asserted that the defendants breached their contractual obligation to comply with all federal and state laws and regulations concerning the sales of franchises by delivering illegal financial performance representations to prospective franchisees We sought a declaratory judgment that it can terminate the area development agreement It also seeks an order for such necessary and further relief, including (i) an award of damages it has sustained by reason of the defendants' misconduct, (ii) liquidated damages, (iii) indemnification for any damage it has sustained or will sustain by reason of any unlawful financial performance representation, as well as the lost revenue from the closure of franchises or in the form of refunds, payments, or compromised claims, and the attorneys' fees and costs incurred in connection with its ongoing investigation of the defendants' misconduct, and (iii) attorneys' fees and costs in connection with the lawsuit On January 13, 2016, defendants filed a motion to dismiss, and defendant 1220, LLC filed counterclaims for breach of contract, declaratory relief, appointment of a receiver or other injunctive relief, and violation of the Illinois Franchise Disclosure Act, seeking actual and consequential damages in an amount to be proven at trial, and attorneys' fees and costs

On January 19, 2016, 1220, LLC filed a separate lawsuit, No 16-cv-744, alleging virtually-identical claims to the counterclaims and seeking identical relief as its counterclaims On the same day, 1220, LLC moved to consolidate No 16-cv-744 with No 15-cv-10377 On January 29, 2016, we filed a motion to dismiss 1220, LLC's counterclaims in Case No 15-cv-10377, and on March 21, 2016, we filed a motion to dismiss 1220, LLC's complaint in Case No 16-cv-744 On July 29, 2016, the court in Case No 15-cv-10377 granted our motion to dismiss 1220, LLC's counterclaims, denied defendants' motion to dismiss our complaint, and granted defendants' motion to consolidate the two cases for all purposes On August 12, 2016, the defendants moved for a preliminary injunction, which the court denied on August 18, 2016, without a hearing or additional briefing by the parties On December 29, 2016, the parties entered into a settlement agreement under which (i) the parties agreed to dismiss all claims and counterclaims, (ii) the parties exchanged mutual releases, (iii) we agreed to pay $550,000 in installments, and (iv) we waived the area developers' post-termination non-competition obligations On January 5, 2017, the court entered an order dismissing the consolidated action without prejudice and with leave to reinstate on or before December 15, 2017, in the event the agreed payments are not made The dismissal will be with prejudice on December 15, 2017, if no motion is pending to enforce or amend the parties' settlement agreement

John Fisher, III, and R&J Kilts, LLC v Tilted Kilt Franchise Operating, LLC, TKFO Land Company, LLC, and Does 1 – 50, No PC056125 (Superior Court of California, Los Angeles County), No 2 15-cv-1653-MMM-JEM (United States District Court for the Central District of California) On December 19, 2014, the former franchisees for the TILTED KILT Restaurant located in Valencia, California, John Fisher, III ("Fisher") and R&J Kilts, LLC ("R&J Kilts"), filed a four-count complaint in the Superior Court of California, Los Angeles County ("State Court") against us, TKFO Land Company, LLC ("TKFO Land"), and unnamed John Does asserting causes of action for (1) declaratory relief against us and TKFO Land, (2) breach of contract against all defendants, (3) fraud against all defendants, and (4) for an injunction against all defendants (the "State Court Action") The plaintiffs did not serve any of the defendants with the complaint filed in the State Court Action, and the defendants did not learn about the pendency of the State Court Action until approximately February 26, 2015, when the defendants received an e-mailed copy of a "First Amended Complaint" The "First Amended Complaint" purported to allege twenty (20) counts against us, TKFO Land, San Diego Cash Register, Inc ("SDCR"), Evan Kenville ("Kenville"), and unnamed John Does, for declaratory relief, breaches of contract and of the covenant of good faith and fair dealing, fraud, conversion, trespass of chattel, interference with prospective economic advantage, interference with contract, intentional infliction of emotional distress, negligence, breach of contract and negligence against SDCR, violations of California Penal Code § 502 for unauthorized computer access, the Wiretap Act and Electronic Communications Privacy Act, the Stored Communications Act, the Computer Fraud and Abuse Act, and Racketeer Influenced and Corrupt Organizations Act, promissory estoppel, accounting, and injunctive relief In addition to declaratory and injunctive relief, the plaintiffs sought an unspecified amount of damages

On March 6, 2015, we removed the State Court Action to the United States District Court for the Central District of California ("Federal Court") On April 1, 2015, we asserted counterclaims for breach of the franchise agreement and the associated personal guaranty On July 24, 2015, plaintiffs filed a motion for leave to file an amended complaint and for remand in which they sought to dismiss all of the claims brought under federal statutes and to add claims for rescission against us, TKFO Land, and SDCR On October 13, 2015, the Federal Court granted the motion for leave to amend the complaint and remanded the case back to the State Court

On January 26, 2016, we, TKFO Land, and Kenville filed an answer and affirmative defenses to the amended complaint and we re-asserted our counterclaims for breach of contract against R&J Kilts and breach of guaranty against Fisher, seeking injunctive relief and damages On March 7, 2016, Fisher and his spouse filed a voluntary petition for relief under Chapter 7 of Title 11 of the United States Code in the United States Bankruptcy Court for the Central District of California titled *In re Fisher*, No 2 16-bk-12836-BR (the "Bankruptcy Court"), and Howard M Ehrenberg was appointed as Fisher's bankruptcy trustee ("Trustee") The Trustee subsequently elected to pursue Fisher's claims in the State Court Action on behalf of the bankruptcy estate

On February 7, 2017, we, TKFO Land, and Kenville, on the one hand, and Fisher, R&J Kilts, and the Trustee, on the other hand, reached a settlement of all claims and counterclaims asserted in the State Court Action The parties dismissed all claims and counterclaims with prejudice and we agreed to pay $150,000 after bankruptcy court approval and dismissal of the State Court Action The settlement was conditioned upon approval by the Bankruptcy Court, which the Bankruptcy Court granted on March 20, 2017 On April 20, 2017, the court in the State Court Action entered dismissal of plaintiffs' complaint with prejudice, and on May 2, 2017, the court entered dismissal of our cross-complaint with prejudice

Other Litigation Involving the Franchise Relationship

During our last fiscal year, we initiated the following actions to confirm arbitration awards against former franchisees and their guarantors

Tilted Kilt Franchise Operating, LLC v TK Perimeter LLC, Lokesh J Patel, Mukesh Patel, and Anila Patel, No 2 16-cv-04449 (United States District Court for the District of Arizona) filed December 16, 2016

Tilted Kilt Franchise Operating, LLC v TK Chicago Ridge, LLC, SK Capital Investment, LLC, and Kazi Hassan, No 2 16-cv-01367-PGR (United States District Court for the District of Arizona), and No 1 16-cv-11511 (United States District Court for the Northern District of Illinois) filed May 5, 2016

During our last fiscal year, we initiated the following action to collect damages from the guarantors of our former franchisee for breach of their guarantees of the franchise agreement

Tilted Kilt Franchise Operating, LLC v Edward M Hall and William Lloyd Hall, No 01-16-0004-1520 (American Arbitration Association) filed September 26, 2016 Settled February 17, 2017

During our last fiscal year, we initiated the following action to collect past due amounts and/or liquidated damages based on a franchisee's breach of the franchise agreement

Tilted Kilt Franchise Operating, LLC v Falinason, Inc , Nirav B Patel, and Lina Patel, No 01-16-0005-1188 (American Arbitration Association) filed November 22, 2016

During our last fiscal year, we initiated claims in the following actions against our franchisees for contribution and indemnification based on third-party claims against us

Romaniello v TK Restaurant Group, LLC, et al , Superior Court of New Jersey for Middlesex County, Case No L-5624-15, filed January 5, 2016

Tomaro v TK Restaurant Group, LLC, et al , Superior Court of New Jersey for Middlesex County, Case No L-5554-15, filed January 5, 2016

DiBari v TK Restaurant Group, LLC, et al , Superior Court of New Jersey for Middlesex County, Case No L-3235-15, filed February 10, 2016

Each of the three cases above (Romaniello, Tomaro, and DiBari) was consolidated with Linder v TK Restaurant Group, LLC, et al , Superior Court of New Jersey for Middlesex County, Case No L-1286-15, filed April 24, 2015

Other than the above 13 proceedings, no litigation or arbitration is required to be disclosed in this Item

ITEM 4
BANKRUPTCY

No bankruptcy is required to be disclosed in this Item

ITEM 5
INITIAL FEES

Under the Area Representative Agreement, you agree to pay us a non-refundable fee ("Initial Area Representative Fee") which is determined by multiplying an amount ranging from $30,000 to $45,000 by the number of Restaurants to be developed under the Area Representative Agreement The amount per Restaurant will be determined by various factors such as population, demographics, local market conditions and other characteristics Typically, an Area Representative is expected to develop 3 to 12 Restaurants and the range of the Initial Area Representative Fee is between $90,000 and $540,000 However, it may be higher depending on the number of Restaurants to be developed and the factors described above The Initial Area Representative Fee is fully earned by us when paid and is nonrefundable You must pay the Initial Area Representative Fee in full when you sign the Area Representative Agreement

ITEM 6
OTHER FEES

Type of Fee[1]	Amount	Due Date	Remarks
Additional Training Expenses[2]	Costs associated with attending additional area representative training and any mandatory continuing training sessions	As incurred	After you complete the basic area representative training program, we may require that you participate in additional training at our training fee (currently $0) We currently do not, but reserve the right to charge reasonable tuition for ongoing, mandatory training sessions We may also charge you a reasonable amount for "sales kits," that you may need to train your employees
New or Replacement Representative Training[2]	Currently $0		If a new or replacement representative of your team requires training, we may charge you a training fee at our then current rate
Printed Material Costs	Costs for printed materials which will vary	As incurred	We may charge you for the costs of obtaining printed written materials such as franchise, sales, advertising or training materials
Advertising Fee[1]	We may charge up to $100 per 1,000,000 population in your ARA[3] each month	Monthly	Amount will not change even if Bureau of Census revises estimate of population in your ARA The Area Representative advertising fee is paid by electronic transfer of funds that we initiate
Electronic/communication services	Will vary under circumstances	As incurred	We currently do not charge you for electronic/communication services However, you may be required to participate in electronic advertising and use services we provide or make available to you

Type of Fee[1]	Amount	Due Date	Remarks
Seminars[2]	Costs associated with attending mandatory seminars, conventions and continuing development programs	As incurred	All expenses and costs are payable to third parties, although we reserve the right to charge a fee for certain ongoing training programs or seminars
Assumption of Area Representative Obligations	All of our costs for the wages, travel and living expenses of our representatives	As incurred	We (or a third party we designate) may assume your responsibilities for Franchisee training and consulting services if you request additional assistance or if we determine that you are not prepared to provide such services to the Franchisees
Transfer[1]	$30,000	Before effectiveness of transfer	Payable only if you transfer the Area Representative Agreement, or an interest in your Area Representative Business If the transfer is to an entity of which you own 100% of the ownership interest, we will not charge a transfer fee, but you will be required to reimburse us our direct costs (including reasonable legal fees) that we incur in documenting and processing the transfer
Website Fee	Currently $0	As incurred	We may require you to link your website to a website maintained by us and may also charge you a reasonable fee to establish and maintain such link
Insurance Premiums[1]	Will vary under circumstances	As incurred	If you do not pay your premiums, although we do not have to, we can pay them for you and you must reimburse us
Errors & Omissions Insurance[1]	Will vary under circumstances	As incurred	Payable to us, our affiliates or third party suppliers approved by us, on behalf of an approved supplier
Indemnification[1]	Will vary under circumstances	As incurred	You must reimburse us if we are held liable for claims arising from the operation of your Area Representative Business
Late Charge[1]	$50 each month the report or financial statement remains unfiled	Automatically assessed after due date	Assessed for late submission of reports or financial statements
Costs and Attorneys' Fees[1]	Will vary depending on nature of your default	As incurred	If we prevail in a proceeding initiated by you or us
Registration Costs	Will vary under circumstances	As incurred	We currently do not charge you for registration costs, including the preparation of the necessary documents required to obtain registration, but may require you to pay the costs of registering and preparing documents under applicable franchise laws to be authorized to offer franchises in the future

[1] Except as otherwise noted, fees are imposed by and payable to us All fees are nonrefundable and are charged uniformly

[2] You will incur additional expenses associated with travel, meals and lodging while you attend training sessions and seminars, conventions or continuing development programs These payments are made to third parties and are not refundable

[3] We may reduce the population count used to determine your advertising expenditures if we determine certain portions of your ARA are not suitable for Restaurant development However, we are not required to do so

ITEM 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditures	Amount*	Method of Payment	When Due	To Whom Payment is to be Made
Initial Area Representative Fee (See Note 1)	$90,000 - $540,000	Lump Sum	Upon signing of Area Representative Agreement	Us
Initial Advertising and Marketing (See Note 2)	$1,500 - $5,000	As Agreed	As incurred	Suppliers
Office Improvements and Equipment (See Note 3)	$2,500 - $7,500	As Agreed	Before starting Area Representative Business	Landlord/Suppliers
Professional Fees Legal and Accounting (See Note 4)	$5,000 - $10,000	As Agreed	Before starting Area Representative Business	Suppliers
Vehicle (See Note 5)	$0 - $30,000	As Agreed	Before starting Area Representative Business	Suppliers
Franchise Registration Expenses (See Note 6)	$0 - $5,000	As Required	Before the offer or sale of franchises in certain states	Suppliers
Initial Basic Area Representative Training Travel and Living Expenses (See Note 7)	$5,000 - $10,000	As Agreed	Before starting your Area Representative Business	Suppliers
Additional Funds – 3 months (See Note 8)	$5,000 - $25,000	As Required	As incurred	Us, Suppliers and Employees
TOTAL ESTIMATED INITIAL INVESTMENT (See Note 9)	**$109,000 - $632,500**			

Explanatory Notes

Note 1 **Initial Area Representative Fee** These amounts relate to the Area Representative Business you purchase and the number of Restaurants that will be developed in your ARA If you purchase a Restaurant, you will incur the initial investment amounts for a Restaurant in addition to the Area Representative Business amounts above We use a separate disclosure document for Restaurant franchises

Note 2 **Initial Advertising and Marketing** At or around the time that you start operating your Area Representative Business, you will conduct an initial advertising and marketing campaign for the sale of franchises in your ARA We assist you in determining the type of media used and the timing of your campaign. All advertising materials must either be produced by us or approved by us before use

Note 3 **Office Improvements and Equipment.** Under the Area Representative Agreement, you must maintain an office which may be in your home or at a separate location The higher range of the estimate includes a security deposit and three months of rent for an office space outside your home Your office must be serviced by a telephone line dedicated to your Area Representative Business and you must have access to some basic office equipment such as a computer capable of running specified software, fax capability and a letter-quality printer The amount of these expenses will vary with the geographical, demographical and physical location of your office and also depend on the sophistication of the equipment selected by you You must also have high speed Internet access in your office

Note 4 **Professional Fees Legal and Accounting** You will most likely want to engage the services of an attorney and an accountant to review the Area Representative Business and work with you in connection with your ongoing business operations

Note 5 **Vehicle** You must currently own or purchase a vehicle for use in your Area Representative Business The low range assumes you already own a suitable vehicle

Note 6 **Franchise Registration Expenses** You must comply with the applicable franchise registration and disclosure requirements of the state(s) in which you operate, including the preparation of financial statements, which may be required to be audited or reviewed, assisting in the preparation of a disclosure document and payment of registration fees

Note 7 **Basic Area Representative Training Program** You are responsible for paying your travel and living expenses incurred to attend Basic Area Representative Training Program, held in Tempe, Arizona or another location designated by us The high range estimate covers expenses for up to two people attending our up to 19-day training session The estimates do not include travel and living expenses incurred in attending and participating in two mandatory Restaurant openings We reserve the right to charge an additional training fee (currently $0) for additional attendees We may require that you or your representatives attend additional training if we determine this is necessary for you to properly perform and conduct your Area Representative obligations

Note 8 **Additional Area Representative Funds** This estimates the funds needed to cover your initial expenses for the first three months of operation and includes payroll costs, but does not include any draw or salary for you This amount includes miscellaneous supplies and start-up development and advertising costs, including printing costs we may charge you This amount is an estimate and we cannot guaranty that you will not have additional expenses in operating your Area Representative Business Your costs will depend on factors such as your management skill, experience, business acumen, local economic conditions, the prevailing wage rate in your jurisdiction (including any local minimum wage that exceeds the federal minimum wage), competition, and your ability to sell, establish and service franchises

Note 9 **Basis For Estimates, Financing** We relied on our leadership team's combined 120 years' of experience in the restaurant business and in the opening of other non-restaurant franchised businesses when preparing these figures Because the ranges in the chart are only estimates, it is possible both to reduce and exceed the estimated range of costs listed in each item of the chart In certain major metropolitan areas, actual costs may substantially exceed the high range estimates in the chart because of increased rent and occupancy costs and increased labor costs We have assumed that you (or your Principal Owner) and the person responsible for the day-to-day management of the Area Representative Business (the "Principal Manager") will operate your Area Representative Business If you hire additional employees, your rent and other office expenses may increase You should review these figures carefully with a business advisor before making any decision to purchase a franchise It may take you 12 months or more to start receiving your revenue from Franchisees (described in Item 11) We currently do not offer financing either directly or indirectly for any part of the initial investment The availability and terms of financing from independent third parties depends on factors such as the availability of financing generally, your creditworthiness, other security and collateral you may have and policies of lenders All amounts paid to us are non-refundable Third-party suppliers will determine whether payments to them are refundable

ITEM 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Operations

You must establish and operate your Area Representative Business in compliance with your Area Representative Agreement and the standards and specifications contained in our version of the manuals for Area Representatives, which we provide to you in the AR Manuals, which we may modify at any time You may not offer or sell any services through your Area Representative Business that we have not authorized We reserve the right to provide you with our mandatory standards and specifications for the sales and support services provided to Franchisees through your Area Representative Business and for the office equipment, supplies, forms, advertising material and other items used in connection with your Area Representative Business

Purchases From Designated or Approved Sources

You must use only written materials, franchise agreements, franchise disclosure documents and sales materials, advertising, training manuals and supplies which comply with our standards and specifications and which you obtain through suppliers approved by us We are an approved supplier of all of these items We are the only supplier of franchise agreements, franchise disclosure documents, franchise sales brochures, advertising and training manuals and you must obtain these items from us, although we may approve an alternative source to reprint these items upon your prior reasonable request We reserve the right to charge you for printed materials at our cost, otherwise we derive no revenue from these items Each of our Area Representatives must use operations and accounting software with capabilities and functions that meet our standards and specifications We will provide specifications for non-proprietary software, although we reserve the right to develop and own proprietary software and other technology, license it to you and charge a reasonable license fee We currently derive no revenue from your purchase of a computer or software although we reserve the right to derive revenue, and charge a maintenance or upgrade fee, if and when we develop our own proprietary software or other technology for use in an Area Representative Business You must have high speed Internet access in your office The purchase or lease from designated or approved sources, or according to our standards and specifications (e g , supplies, computer hardware and software and initial advertising) represents approximately less than 5% of your total purchases in connection with the establishment of your Area Representative Business Purchases from designated or approved sources, or according to our standards and specifications, represent less than 15% of your overall cost of operating your Area Representative Business after it has been established

You must stop using and distributing franchise agreements, franchise disclosure documents, franchise sales brochures, advertising and training manuals immediately upon notice from us if, in our opinion, applicable laws or our most current standards and specifications warrant it We may modify our standards and specifications with 30 days' notice to you We have no current purchasing or distribution cooperatives for Area Representative Businesses We are not paid by third parties from whom you buy items, although we reserve the right to receive payment in the future You do not receive a material benefit from us based on your use of any particular designated or approved supplier As of the date of this Disclosure Document, none of our officers own an interest in any approved or designated supplier

We do not maintain a list of approved suppliers Except for items you must obtain from us, described above, a supplier who can provide materials or supplies meeting our standards and specifications can become an approved supplier During your participation in our basic area representative training program, we will make available to you the standards and specifications for materials or supplies to be used by you through your Area Representative Business, as well as our criteria for approving a supplier, if any

If you want to use any materials or supplies we have not previously approved from a supplier who we have not approved, you will need to notify us and obtain our written approval in advance The notification should include sufficient information to allow us to determine whether the materials, supplies or suppliers meet our specifications You must reimburse us for the reasonable cost of investigation to determine whether those materials, supplies or suppliers meet our standards and specifications We will not unreasonably withhold our approval of a supplier of your choosing if the supplier meets our published standards and specifications We will notify you of our approval or disapproval within 30 days after our receipt of your request We reserve the right to change the published standards regarding any approved supplier or any materials or supplies used by Area Representatives upon 30 days written notice to all Area Representatives and all approved suppliers

Revenue

For the fiscal year ended December 31, 2016, we received $97,475 in errors and omissions insurance payments from Area Representatives, all of which we paid directly to the insurance provider This was less than 1% of our total revenue of $17,696,615 in 2016

In the fiscal year ended December 31, 2016, we received $222,919 in convention sponsorship revenue for our franchise convention, and $58,400 from convention booth fees

Except as provided above, neither we nor our affiliates derived any revenues from purchases from Area Representatives in 2016

Area Representative Advertising and Marketing

All marketing and promotion of franchises through your Area Representative Business must conform to our standards and specifications You must submit to us (through the mail, return receipt requested) for our prior approval, samples of all advertising and promotional materials that you want to use which have not been prepared or previously approved by us We retain the right to develop and control all advertising using our Marks on the Internet We reserve the right, upon 30 days prior written notice to you, to require that you participate in electronic advertising by creating, customizing or providing access to a linked web page or otherwise We also reserve the right to charge you a reasonable fee for access to certain electronic or other communication services we provide or make available to you which may include a reasonable profit to us for these services

Area Representative Insurance

Area Representatives must obtain errors and omissions insurance through us We purchase a group policy for ourselves and our Area Representatives We pay for a portion of the group policy We receive revenues from Area Representatives for the Errors and Omissions Insurance only to the extent that we collect money from our Area Representatives and pay it directly to the insurance provider, without retaining any portion for ourselves

You must obtain general liability insurance and automobile liability insurance, all in the amounts we specify and according to the terms we specify in the AR Manuals from a local vendor Currently, we require automobile liability insurance, including owned and non-owned automobile insurance, covering you and all your employees who have the authority to operate a motor vehicle for business purposes in an amount not less than $3,000,000 We may, however, consent to a lesser amount, but in no event will this amount be less than any statutorily imposed minimum coverage All insurance policies must name us as an additional insured, using a form of endorsement that we have approved, and give us at least 30 days prior written notice of termination, amendment or cancellation You also must provide us with certificates of insurance evidencing your insurance coverage before you begin your Area Representative Business and upon our request You must furnish us with copies of all required insurance policies or other evidence of insurance coverage and payment of premiums as we request periodically We reserve the right to require you to change the type of insurance you are required to maintain and upon 30 days prior written notice to you to revise the required coverage limits We also reserve the right to require that you participate in any national or regional insurance program that we deem mandatory

ITEM 9
FRANCHISEE'S OBLIGATIONS

This table lists your principal obligations under the Area Representative Agreement. It will help you find more detailed information about your obligations in the Area Representative Agreement and in other items of this Disclosure Document.

Obligation	Section in Area Representative Agreement	Item in Disclosure Document
(a) Site selection and acquisition/lease	Section 3 3	Item 11
(b) Pre-opening purchases/leases	Sections 3 3, 4 3, 9 8 and 13 8	Items 5, 6, 7 and 8
(c) Site development and other pre-opening requirements	Sections 3 3, 4 3 and 9 8	Items 7, 8 and 11
(d) Initial and ongoing training	Article 7	Item 11
(e) Opening	Section 9 2	Item 11
(f) Fees	Sections 5 1, 7 4, 13 8, 13 18, 13 10, 13 16, 14 1, 15 3, 18 4 and 20	Items 5, 6 and 7
(g) Compliance with standards and policies/Operations Manual	Sections 8 1, 9 6, 13 1 and 13 2	Item 11

Obligation	Section in Area Representative Agreement	Item in Disclosure Document
(h) Trademarks and proprietary information	Articles 10 and 11	Items 13 and 14
(i) Restrictions on products/services offered	Sections 9 3 through 9 6	Items 11 and 16
(j) Warranty and customer service requirements	Not applicable	Not applicable
(k) Territorial development and sales quotas	Sections 4 1, 4 4, 9 3 and Exhibit A	Item 12
(l) On-going product/service purchases	Sections 4 3, 4 4 and 13 8	Item 8
(m) Maintenance, appearance and remodeling requirements	Not Applicable	Not Applicable
(n) Insurance	Sections 13 8 and 13 9	Item 7
(o) Advertising	Sections 4 4, 9 8, 13 10, 13 11, 13 12 and 13 18	Items 6, 7 and 11
(p) Indemnification	Section 18 4	Item 6
(q) Owner's participation/management/ staffing	Sections 9 1 and 13 5	Items 11 and 15
(r) Records/reports	Sections 4 3, 13 13 and 13 14	Item 6
(s) Inspections/audits	Article 14	Item 6
(t) Transfer	Article 15	Item 17
(u) Renewal	Not applicable	Not applicable
(v) Post-termination obligations	Section 17 3, 17 5 and 17 7	Item 17
(w) Non-competition covenants	Sections 12 1 and 17 5	Item 17
(x) Dispute resolution	Articles 19 and 20	Item 17

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 Assistance

Before you begin operating your Area Representative Business we will

1 Train you in Tempe, Arizona, or another location that we designate, and provide you with the training program for Franchisees and additional training which includes restaurant support training and franchise law compliance (Section 7 1, Area Representative Agreement)

2 Grant you access to our AR Manuals, which cover the sales, operating and support procedures for your Area Representative Business and all updates and revisions (Section 8 1, Area Representative Agreement)

3 Assist you in determining the timing and content, and type of media package used, for your initial franchise sales advertising and marketing campaign in your ARA and work with you on a marketing plan for your Area Representative Business, the final version of which we must approve (Section 9 8, Area Representative Agreement)

Continuing Assistance

During the operation of your Area Representative Business, we will

1 Prepare and register all requisite disclosure documents and other documents to enable you to solicit prospective franchisees in your ARA (Section 4 3, Area Representative Agreement)

2 Grant or deny approval of applicants to become Franchisees, by delivery of notice to you (Section 4 5, Area Representative Agreement)

3 If you request, consult with you by telephone, facsimile or electronic mail regarding franchise sales, Franchisee restaurant location selection, Franchisee support and assistance or other issues concerning the continued operation and management of your Area Representative Business (Section 8 2(a), Area Representative Agreement)

4 Give you access to advertising and promotional materials we may but are not required to develop We may, at our option, pass the cost of the advertising or promotional materials on to you (Section 8 2(b), Area Representative Agreement)

5 Provide additional seminars or programs, at a frequency that we will determine, on new methods, marketing techniques, equipment and products (Section 7 4, Area Representative Agreement)

6 Pay you a fee equal to 40% of the total initial franchise fees paid to us by a Franchisee who purchases a TILTED KILT franchise within your ARA In the event the Franchise Sales Conditions (as defined in the Area Representative Agreement and summarized below) have been fulfilled, the 40% commission is paid to you within 30 days after the Franchise Sales Conditions have been met We will not be obligated to pay you unless the following conditions have been met (i) the Franchisee has signed the Franchise Agreement with us and the initial franchise fee has been paid in full and actually received by us (we will not be deemed to have received fees paid into escrow, if applicable, until the fees are actually remitted to us), (ii) the sale for which the initial franchise fee has been paid is not a resale of any

existing TILTED KILT Restaurant, or any interest in such Restaurant, (iii) the Franchisee has successfully completed our franchisee training program, (iv) the Restaurant is open for business and escrowed fees, if any, are released, and (v) you have complied with all of your other obligations under the Area Representative Agreement and provide written verification. We shall pay you within 30 days after the Franchise Sales Conditions have been met (Section 6 1, Area Representative Agreement)

7 So long as you are in full compliance with the Area Representative Agreement, pay you, within 14 days of the end of each month, 33% (e g , 2% of the 6%) of the Royalty Fees, actually received by us from each Franchisee located in your ARA You start earning commissions on Royalty Fees paid by Franchisees who have entered into franchise agreements within the ARA when you have completed the basic area representative training program and begun fully performing your duties described in Article 9 of the Area Representative Agreement (Section 6 3, Area Representative Agreement)

8 Pay you within 30 days of the transfer closing, 25% of the transfer fees paid to us from the transfer of Restaurants in the Area Representative Area (Section 6 2, Area Representative Agreement)

Advertising and Promotion

Initial Advertising Your initial promotional advertising campaign will be conducted at or around the time your TILTED KILT Area Representative Business opens for business, in a manner and based on a schedule which we must first approve

Local Advertising Following the initial advertising campaign, you must spend during each calendar six-month period, $600 per 1,000,000 population in your ARA on advertising to sell franchises ("Required Local Advertising Expenditure") We may, in our sole discretion, reduce the population count in your ARA used to determine your Required Local Advertising Expenditure if we determine certain portions of your ARA are not suitable for Restaurant development We may change the amount of the Required Local Advertising Expenditure (but not to exceed $600 per six month period per 1,000,000 population in the ARA) by providing you with at least 60 days prior written notice The amount you are required to spend on local advertising is reduced by the amounts you actually contribute to the Area Representative Marketing Fund

You may create your own advertising and promotional materials, however, all advertising and promotion created or used by you must be in such media and of such type and format as we may approve and must be conducted in conformance with the standards and requirements as we may specify You may not use any advertising or promotional plans or materials, including electronic or Internet advertising, unless and until you have received written approval If written approval is not received by you within 15 business days from our receipt of the proposed materials, the materials shall be deemed disapproved. We reserve the right to make any advertising or promotional materials that you propose and we pre-approve available for use by other TILTED KILT Area Representatives Local advertising is your responsibility We are not obligated to pay for any advertising within the ARA You will be responsible for complying, at your own expense, with the various state laws that require the approval of franchise sales and advertising materials unless we have already received approval of the advertising materials (Section 13 11, Area Representative Agreement)

Marketing and Promotion We deposit the advertising fee into the "Area Representative Marketing Fund" for the benefit of all Area Representative Businesses The Area Representative Marketing Fund is used principally for soliciting the sale of Restaurant franchises Because we do not audit the Area Representative Marketing Fund, audited financial statements are not available to Area Representatives Annual unaudited financial statements for the Area Representative Marketing Fund will be available on written request 120 days after the end of each calendar year

We will have the right to cause the Area Representative Marketing Fund to be incorporated or operated through an entity separate from us at such time as we deem appropriate, and such successor entity will have the same rights and duties as we do We will administer and control the Area Representative Marketing Fund We will use the Area Representative Marketing Fund to create, produce, and place national or Internet advertising, to pay agency costs and commissions, to create and produce video, audio, and written advertisements, to employ advertising agencies and in-house advertising staff assistance, and to support public relations, market research, sponsorships and other advertising and marketing activities The advertising may be disseminated in print, television, radio or by other electronic means, such as the Internet We may use in-house personnel and outside ad agencies to create advertising and promotions for the Area Representative Marketing Fund

We may reimburse ourselves from the Area Representative Marketing Fund for administrative costs, salaries, independent consulting fees and overhead expenses related to administering the Area Representative Marketing Fund and its marketing programs, including conducting market research, preparing material, and collecting and accounting for Area Representative Marketing Fund contributions In any fiscal year, we may spend more or less than the aggregate contribution of all Area Representatives to the Area Representative Marketing Fund in that year The Area Representative Marketing Fund may borrow from third party lenders or affiliates to cover deficits or invest any surplus for future use Any amounts that remain in the Area Representative Marketing Fund at the end of each year will accrue, and we will apply them toward the next year's expenses The purpose of the Area Representative Marketing Fund is to sell franchises for TILTED KILT Restaurants We use the Area Representative Marketing Fund to develop advertising and marketing materials and programs and to place advertising and marketing that will benefit all Area Representatives, but we cannot ensure that Area Representative Marketing Fund expenditures in or affecting any geographic area are proportionate or equivalent to Area Representative Marketing Fund contributions by Area Representatives operating in that geographic area or that any Area Representative will benefit directly or in proportion to its Area Representative Marketing Fund contribution. Our affiliate-owned Area Representative Businesses that have signed Area Representative Agreements contribute to the Area Representative Marketing Fund on the same basis as other Area Representative Businesses We have the right to deposit into the Area Representative Marketing Fund any advertising, marketing, or similar allowances paid by suppliers with whom we have agreed that we will (or if we otherwise choose to) so deposit these allowances We assume no other direct or indirect liability or obligation to you for collecting amounts due to or maintaining, directing, or administering any advertising account If the Area Representative Marketing Fund is terminated, we will (at our option) either spend the remaining Area Representative Marketing Fund assets on marketing activities described above or distribute the unspent assets to contributors (including us and our affiliates, if applicable) then contributing to the Area Representative Marketing Fund in proportion to their contributions during the preceding twelve (12) month period

During the 2016 fiscal year, we spent we spent 48% of the Area Representative Marketing Fund for media placement, 43% for trade show expenses, and 9% for production and sales materials

AR Manuals

Exhibit F to this Disclosure Document is the table of contents of our AR Manuals The total number of pages in our AR Manuals is approximately 196 pages

Computer Systems

The required computer system hardware currently consists of a Windows computer that has Internet connectivity and fax capability, a printer and a monitor As described in Item 8 above, you must utilize operations and accounting software which is compatible with our system The cost of the computer system will range from $1,000 to $3,000 In addition, you need to purchase or lease computer equipment meeting our specifications We currently do not have independent access to data in your computer system, but we may obtain access at a later time There is no contractual limitation on our right to access data in your computer system

If and when we have our own proprietary software developed specifically for Area Representative Businesses and made available, we reserve the right to require that you purchase our proprietary software package The computer system installation, configuration and integration must be performed in accordance with our standards and specifications We reserve the right to make exceptions and change computer hardware and software without reservation

We review and consider for approval any compatible equivalent hardware and software We reserve the right to receive information contained in the computer databases through on-line communication contact with your computer system We have no contractual limitation on our right to receive information through your computer system Area Representatives will need a high-speed Internet connection and must join and pay for an electronic network connection service to facilitate communication with us and among our Franchisees and Area Representatives, which we estimate will cost $45 to $100 per month

We may require you to purchase, install and implement updates and revisions to the computer system No contractual limitation exists on the frequency and cost of this obligation We estimate the annual costs of any support contracts will be approximately $500

Site Selection Assistance

An Area Representative's Business may be located in a home office or commercial office space We have a right to grant or deny approval of a proposed office location, which will not be unreasonably withheld and will be based primarily on access to the ARA, otherwise, we provide no site selection assistance in connection with an Area Representative's business office There is no time period within which we must approve a location However, you must begin operating your Area Representative Business within the time period described below or we may terminate your Area Representative Agreement (Section 3 3, Area Representative Agreement)

Schedule For Opening

We estimate that the typical length of time between the date you sign the Area Representative Agreement and the date your Area Representative Business starts will be 60 to 120 days You must begin operating your Area Representative Business within 120 days after you sign the Area Representative Agreement The primary factor affecting this time period is your ability to complete the basic area representative training program

Basic Area Representative Training Program

Our basic area representative training program currently consists of the following components (1) restaurant support training, (2) basic AR training, and (3) the Spectacular Training and Education Program ("S T E P Training") You and all members of your who are involved in Franchisee operations support and/or restaurant opening support must successfully complete each of the components described above including participation in at least 2 restaurant openings (which last approximately 10 days each) designated by us at your cost Any of the AR's staff who will provide any support services to Franchisees must complete each training component described above before providing any support services to Franchisees We do not charge you for our training of up to two individuals, although you pay the travel, living expenses and wages for you and all of your employees who attend the training sessions We reserve the right to charge our then-current rate (currently $0) for additional attendees All the individuals described above must successfully complete the required portions of the basic area representative training program to our satisfaction within the earlier of 3 months after the effective date of the Area Representative Agreement and before you begin to operate your Area Representative Business All training courses are held at or near our corporate headquarters in Tempe, Arizona, a Restaurant location chosen by us or another location that we designate We may require that you (or your Principal Owner) or any member of your management team attend additional training and Restaurant openings if we, in our sole determination, believe that such individuals need additional training prior to assuming responsibility for the initial Restaurant opening training and on-going Restaurant assistance We may charge our then-current fee and any of our travel and living expenses for such additional training

Our basic area representative training program is supervised by Erin Colombi Ms Colobmi has been our Director of Training since June 2016 Ms Colombi has 6 years of experience in the subjects taught and 6 years of experience with us

We hold training sessions for the area representative training program on an as-needed basis These training programs include verbal, written or video classroom training The instruction materials for the training programs consist of the AR Manuals Our basic area representative training program currently consists of the following

TRAINING PROGRAM

RESTAURANT SUPPORT TRAINING

Subject	**Hours of Classroom Training**	**Hours of On-The-Job Training**	**Location**
I PARTICIPATE IN AT LEAST 2 RESTAURANT OPENINGS			
Observe and assist during the training of Restaurant staff conducted by either us or an area representative who has successfully completed area representative training	0	260	Restaurant Locations to be determined
II Q S C C AUDIT TRAINING			
Observe and assist in the Q S C C inspection of Restaurant with us or area representative who has successfully completed area representative training	0	8	Restaurant Location to be determined
TOTAL HOURS	**0 Hours**	**268 Hours**	

BASIC AR TRAINING

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
Understanding franchise law	5	0	Tempe, Arizona or a location we designate
Understanding the role of the Area Representative	5	0	Tempe, Arizona or a location we designate
Site Selection & Site Selection Workbook	2	0	Tempe, Arizona or a location we designate
Area Representative Flow Chart	2	0	Tempe, Arizona or a location we designate
TOTAL HOURS	**14 Hours**	**0 Hours**	

The following portion of the basic area representative training program is also part of the franchisee training program

S T E P TRAINING

Subject	Hours of Classroom / Web-Based Training	Hours of On-The-Job Training	Location
Brand Class	7	0	Remotely via the Internet and Tempe, Arizona or a location we designate
Captain's Table	1 5	0	Remotely via the Internet and Tempe, Arizona or a location we designate
BOH Solution/Prime Cost	2	0	Remotely via the Internet and Tempe, Arizona or a location we designate
POS Training	1	0	Tempe, Arizona or a location we designate
Purchasing	1 5	0	Tempe, Arizona or a location we designate
Accounting	1	0	Tempe, Arizona or a location we designate
Casting	5	2	Remotely via the Internet and Tempe, Arizona or a location we designate
Marketing	7	0	Remotely via the Internet and Tempe, Arizona or a location we designate
Build Out/Construction	3	0	Tempe, Arizona or a location we designate
Kitchen Operations	5	49	Remotely via the Internet and Tempe, Arizona or a location we designate
Bar Operations	1	3	Tempe, Arizona or a location we designate
Front of House Operations	11	60 5	Remotely via the Internet and Tempe, Arizona or a location we designate
Computer Systems/Accounting	2	4	Tempe, Arizona or a location we designate

Subject	Hours of Classroom / Web-Based Training	Hours of On-The-Job Training	Location
Assessments	8	0	Remotely via the Internet and Tempe, Arizona or a location we designate
TOTAL HOURS	**56 Hours**	**118 5 Hours**	

As often as annually, your Principal Manager may be required to attend, at your expense, a national convention which may include mandatory training sessions We may also require you, your Principal Manager and designated managers and employees to attend, at your expense, local or regional seminars or meetings or refresher training up to two times a year We may charge a tuition or fee, at our then current published rates, for certain of these local, regional or national meetings or training sessions If you replace or add representatives that will have direct contact with franchisees on your behalf, we require that such representatives attend and complete our training program, and we may charge you a training fee at our then current published rate to train these representatives

ITEM 12
TERRITORY

Under the Area Representative Agreement, we give you the right to solicit and identify prospective franchisees for TILTED KILT Restaurants, perform site selection services and provide operational support to franchised Restaurants located in your Area Representative Area ("ARA") under the conditions described below An ARA will typically be designated by county and state boundaries, taking into consideration the population counts in the applicable counties and states An ARA is generally defined by one or more counties, but may be defined by other boundaries We may designate an ARA that varies from this standard The ARA boundaries or other description are determined when the Area Representative Agreement is signed You may advertise, sell and establish TILTED KILT franchises only in your ARA You may face competition from other Area Representatives, from territories that we or our affiliates own, or from other channels of distribution that we control You do not have the right to use other channels of distribution, such as Internet, catalog sales, telemarketing, or other direct marketing to make sales outside your ARA You must meet an agreed upon schedule for developing Restaurants and opening Restaurants for business within your ARA We retain the right within your ARA to solicit and sell franchises and operate TILTED KILT Restaurants that we may own, as discussed below During the term of the Area Representative Agreement, unless you do not meet your Restaurant development goals, we cannot license another Area Representative to do business within your ARA You will not receive an exclusive territory You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control

If you fail to meet the Restaurant development goals listed in Exhibit A of the Area Representative Agreement, we may terminate the Area Representative Agreement On termination of the Area Representative Agreement, you will lose the right to solicit prospective franchisees, provide on-going services to Franchisees in your ARA and your commissions on Royalty Fees, described in Item 11, will permanently cease

You have no option, right of first refusal or similar contractual right to acquire additional Area Representative Businesses in areas contiguous to your ARA You may not relocate the office of your Area Representative Business or add additional offices without our prior written approval

Other than as stated above, continuation of your rights to your ARA does not depend on the achievement of any specified sales volume or market penetration Neither we nor you may modify your ARA without agreeing to the change in writing

Under the Area Representative Agreement, we retain the rights, without compensation to you

1 to use, and license others to use, the Marks and Licensed Methods for the operation of Area Representative Businesses at any location other than in your ARA,

2 to use the Marks and Licensed Methods to solicit prospective Franchisees and grant other persons franchises to operate TILTED KILT Restaurants, under Franchise Agreements and other agreements, at locations within and outside of your ARA on terms and conditions we deem appropriate (subject to your right to receive a portion of initial franchise fees and, conditioned on your provision of ongoing support to these Franchisees, continuing fees from royalties),

3 to own and operate TILTED KILT Restaurants within and outside of your ARA through us, TKFL or an affiliate company,

4 to use the Marks and Licensed Methods and any other marks to identify services and products, promotional and development efforts and related items which may be similar to those which Franchisees or Area Representatives will sell, but made available through alternative channels of distribution other than through TILTED KILT Restaurants, at any location,

5 to offer and sell any food and beverage services and products under the Marks at or through any permanent, temporary, or seasonal non-traditional food service facility, such as a stadium, sports and entertainment venue, convention center, entertainment or amusement park, or airport, or at special indoor or outdoor events in your ARA,

6 to use and license the use of different proprietary marks in connection with (i) the sale of franchises, or (ii) the sale of products and services similar to those which our Franchisees sell, whether in alternative channels of distribution or through restaurants which are the same as or similar to, or different from TILTED KILT Restaurants, at any location, and on any terms and conditions we deem advisable, and

7 to engage in any activity not specifically prohibited by the Area Representative Agreement

Except as specifically stated above, we are not required to pay you if we exercise any of the rights specified above inside your ARA

ITEM 13
TRADEMARKS

Under the Area Representative Agreement, we license to you the non-exclusive right to use, for the operation of your Area Representative Business, the trademarks "TILTED KILT," "A COLD BEER NEVER LOOKED SO GOOD," and other trademarks, service marks and commercial symbols that we may authorize

On September 27, 2005, Let's Eat, Inc obtained a registration for the service mark TILTED KILT on the United States Patent and Trademark Office, Principal Register, Registration No 2,999,841, for use in connection with restaurant services On January 21, 2006, Let's Eat, Inc assigned all right, title and interest in the service mark TILTED KILT to TKFL

Under the Trademark and System License Agreement dated January 22, 2006 ("License Agreement"), TKFL licenses to us for a period of 49 years the right to use and sublicense the Marks and Licensed Methods in granting franchises The License Agreement is automatically renewable for additional periods of 10 years unless earlier terminated in accordance with the terms of the License Agreement We must use, display and sublicense the Marks only in compliance with mandated quality standards If we fail to comply with the terms and conditions of the License Agreement and do not cure the default within 90 days after receipt of written notice, or an extended period if we are diligently pursuing a cure to completion, TKFL will have the right to terminate the License Agreement TKFL also has the right to terminate the License Agreement if we are insolvent, make an assignment for the benefit of our creditors or other unapproved assignment or transfer of our rights under the License Agreement, or our assets are placed in the hands of a trustee or receiver Upon termination of the License Agreement as a result of a default, our rights under any Franchise Agreement or other license will be deemed to be automatically assigned, at TKFL's option, to TKFL or its designee TKFL has registered or has pending applications to register the following trademarks on the Principal Register of the United States Patent and Trademark Office ("USPTO")

Mark	Registration Date/Filing Date	Registration/App No
Tilted Kilt PUB & EATERY	August 14, 2012	Reg No 4,189,961
 (female server costume}	April 5, 2016	Reg No 4,933,543
TILTED KILT	March 15, 2011	Reg No 3,931,007
TILTED KILT	March 8, 2011	Reg No 3,928,728
TILTED KILT	September 27, 2005	Reg No 2,999,841
TILTED KILT PUB & EATERY	November 13, 2007	Reg No 3,334,851
A COLD BEER NEVER LOOKED SO GOOD	March 15, 2005	Reg No 2,932,558

All required affidavits and renewals of use have been filed

There are no presently effective adverse determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state or any court, from any pending infringement, opposition or cancellation proceedings or material litigation involving TKFL ownership, use or registration of the Marks Other persons or entities may have claims of prior use or registrations of other marks which are confusingly similar to our Marks Otherwise, we do not know of any superior or prior rights or infringing uses that could materially affect your use of the Marks in any state

Under the Area Representative Agreement, you must use the Marks as the sole service marks identifying your Area Representative Business We require that you identify yourself as the independent owner of the Area Representative Business in the manner as we may designate You may not use any Mark as part of any corporate or trade name or with any prefix, suffix, or other modifying words, terms, designs or symbols (other than logos licensed to you), or in any modified form, nor may you use any Mark to identify unauthorized services or products or in any other manner not expressly authorized in writing by us Except as permitted in the AR Manuals, you may not use any of the Marks as part of an electronic mail address or on any sites on the Internet and you may not use or register any of the Marks as part of a domain name on the Internet You must modify or discontinue your use of the Marks if we require modification or discontinuance, at your own expense

We are not contractually obligated by the Area Representative Agreement to protect you against claims of infringement or unfair competition regarding your use of the Marks, but we may when, in the opinion of our legal counsel, your rights require protection We pay all costs, including reasonable attorneys' fees and court costs, associated with any litigation we commence or defend on your behalf to protect the Marks and your right to use them You must cooperate with us in any litigation. Any apparent infringement of or challenge to your use of any Marks should be brought to our attention immediately and you may not communicate with any person other than us or our counsel regarding any such matter You may not settle any claim without our written consent We have sole discretion to take any appropriate action. We have the right to control exclusively any litigation, United States Patent and Trademark Office proceeding or any other administrative proceeding arising out of any infringement, challenge or claim relating to any Mark.

ITEM 14
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

We do not own any patents, pending patent applications or copyright registrations which are material to the franchise We consider our AR Manuals, our construction plans, our training materials, our recipes and food preparation techniques, our Licensed Methods, any software that we may in the future develop and any and all other related materials as our proprietary and confidential property You may use the AR Manuals only as described in the Area Representative Agreement You must not duplicate the AR Manuals nor disclose its contents to persons other than your employees or officers who have signed a confidentiality and noncompetition agreement in a form approved by us We require that you maintain the confidentiality of our proprietary information and adopt reasonable procedures to prevent unauthorized disclosure of our trade secrets and proprietary information Although we have not obtained a copyright registration, we or our affiliates own the copyright in our AR Manuals, theme song lyrics, product packaging and other works

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

Under the Area Representative Agreement, you (or your Principal Owner) or your Principal Manager, must participate personally in the direct operation of the Area Representative Business on a full time basis If you are an entity, the "Principal Owner" is the natural person identified in the Franchise Agreement who has the greatest percentage of ownership interest and voting power in you, as compared to the remaining owners We have the right and you will authorize us to consider the Principal Owner as the chief executive officer who is authorized to represent you in such capacity

If you are a corporation, limited liability company or partnership, we do not require that your Principal Manager own an equity interest in the entity Your Principal Manager and each of your officers, directors, partners, shareholders, members and employees as we may designate must agree to be bound by the nondisclosure provisions of the Area Representative Agreement and must sign a separate nondisclosure and noncompetition agreement with us (Exhibit G to this Disclosure Document)

If you are a corporation, limited liability company or partnership, each of your owners will be required to sign an agreement (Exhibit C to the Area Representative Agreement) personally guaranteeing and agreeing to perform all obligations of the Area Representative under the Area Representative Agreement The spouse of each owner may also be required to acknowledge the guaranty

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You are prohibited from actively soliciting or selling franchises outside of your ARA We decide whether to qualify a prospective Franchisee you have referred to us and sell the franchise, in our discretion You may not interfere with a sales lead for a prospective Franchisee being handled by another Area Representative or by TKFO

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

This table lists certain important provisions of the Area Representative Agreement. You should read these provisions in the agreements attached to this Disclosure Document.

Provision	Section in Area Representative Agreement	Summary
a Length of the franchise term	Section 16 1	20 years
b Renewal or extension of the term	Not applicable	Not applicable
c Requirements for franchisee to renew or extend	Not applicable	Not applicable
d Termination by franchisee	Section 17 1	On 180 days advance written notice to us
e Termination by franchisor without cause	Not applicable	Not applicable
f Termination by franchisor with cause	Section 17 2	We can terminate with written notice
g "Cause" defined-curable defaults	Section 17 2	10 days for failure to pay, 30 days for all other defaults other than those non-curable defaults listed in h below
h "Cause" defined-non-curable defaults	Section 17 2	Material misrepresentation/omission in application or in operation of the business, fail to complete training, fail to meet sales goals, arrest for or conviction of felony or other crime or offense affecting the Marks, unauthorized transfer, unauthorized use of Marks, violate non-competition covenant, fail to comply with the Area Representative Agreement or any 3rd party agreements, abandonment, bankruptcy, repeated violations, default/termination of Franchise Agreement, Title VII or similar violation, fail to commence operation of the AR Business on schedule
i Franchisee's obligations on termination/nonrenewal	Sections 17 3, 17 4 and 17 5	No further right to develop, deliver all Confidential Information, no use of Marks, assign phone number, pay all amounts owing; de-identify/cancel Internet sites, sign general release, deliver sales leads and records, cancel names, obey noncompete (see r below)

Provision	Section in Area Representative Agreement	Summary
j Assignment of contract by franchisor	Section 15 1	No restriction on our right to assign
k "Transfer" by franchisee – defined	Section 15 2	Includes transfer of contract or assets or any change in ownership of area representative entity and transfers resulting from divorce, insolvency, or in the event of death of you or your owner, transfer by will or trust
l Franchisor approval of transfer by franchisee	Section 15 5	We have the right to approve all transfers
m Conditions for franchisor approval of transfer	Section 15 3	Transferee qualifies, all amounts due are paid in full, transfer fee paid, general release signed, then current contract signed (including guaranty) or existing agreement assumed, terms of transfer approved, transferee's obligations to pay us are primary, noncompete agreement signed, agree to transferee's receipt of reports, and full compliance with Area Representative Agreement
n Franchisor's right of first refusal to acquire franchisee's business	Section 15 7	We may match any offer
o Franchisor's option to purchase franchisee's business	Not applicable	Not applicable
p Death or disability of franchisee	Section 15 6	Franchise must be assigned to approved buyer within six months
q Non-competition covenants during the term of the franchise	Sections 11 1 and 12 1	No disclosure of Confidential Information and no involvement in competing business
r Non-competition covenants after the franchise is terminated or expires	Section 17 5	No competing business for 3 years within the ARA
s Modification of the agreement	Section 20 2	No modifications generally, but AR Manuals may change
t Integration/merger clause	Section 20 11	Only terms of Area Representative Agreement are binding (subject to state law) Any representation or promises outside of the Disclosure Document, Area Representative Agreement may not be enforceable However, nothing in the Area Representative Agreement is intended to disclaim the representations we made in the Disclosure Document that we furnished to you
u Dispute resolution by arbitration	Article 19	All disputes must be arbitrated within 50 miles of our then current principal place of business (currently Tempe, Arizona)
v Choice of forum	Section 19 2	Exclusive jurisdiction in the state or federal court which is closest to our then current principal place of business (currently Tempe, Arizona) (subject to state law)
w Choice of law	Section 19 2	Arizona law applies (subject to state law)

Applicable state law might require additional disclosures related to the information contained in this Item 17 These additional disclosures, if any, appear in Exhibit J

ITEM 18
PUBLIC FIGURES

We do not use any public figure to promote the TILTED KILT franchise system

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 Mike Lynch, Tilted Kilt Franchise Operating, LLC, 8915 S Harl Avenue, Tempe, Arizona 85284, (480) 456-5458 or mlynch@tkfollc com, the Federal Trade Commission, and the appropriate state regulatory agencies

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

Table 1

AREA REPRESENTATION FRANCHISES
SYSTEMWIDE SUMMARY FOR YEARS 2014 TO 2017[(1)]

Area Type	Year	Area Franchises at the Start of the Year	Area Franchises at the End of the Year	Net Change
Franchised	2014	64	58	-6
	2015	58	56	-2
	2016	56	35	-21
	2017	35	16	-19
Company-Owned	2014	0	0	0
	2015	0	0	0
	2016	0	0	0
	2017	0	0	0
Total Area Franchises[(2)]	**2014**	**64**	**58**	**-6**
	2015	**58**	**56**	**-2**
	2016	**56**	**35**	**-21**
	2017	**35**	**16**	**-19**

(1) These numbers represent the total number of area franchises within our franchise system The numbers for the years ending 2014, 2015, 2016 are as of December 31st for each year and the numbers for 2017 are for the period from January 1, 2017 to May 15, 2017

(2) Some of our Area Representatives operate multiple area franchises As of May 15, 2017, there were 6 Area Representatives operating under 10 Area Representative Agreements in the United States Some of the Area Representative Agreements include ARAs that cover multiple states, in which case each state of the ARA is counted as a separate area franchise

Table 2

TRANSFERS OF AREA FRANCHISES FROM FRANCHISEES TO NEW OWNERS (OTHER THAN THE FRANCHISOR) FOR YEARS 2014 TO 2017

State	Year	Number of Transfers
Connecticut	2014	0
	2015	1
	2016	0
	2017	0
Delaware	2014	1
	2015	0
	2016	0
	2017	0
District of Columbia	2014	1
	2015	0
	2016	0
	2017	0
Florida	2014	4
	2015	0
	2016	0
	2017	0
Georgia	2014	1
	2015	0
	2016	0
	2017	0
Idaho	2014	1
	2015	0
	2016	0
	2017	0
Indiana	2014	0
	2015	0
	2016	0
	2017	0

State	Year	Number of Transfers
Kentucky	2014	0
	2015	0
	2016	0
	2017	0
Maine	2014	0
	2015	1
	2016	0
	2017	0
Maryland	2014	1
	2015	0
	2016	0
	2017	0
Massachusetts	2014	0
	2015	1
	2016	0
	2017	0
Montana	2014	1
	2015	0
	2016	0
	2017	0
New Hampshire	2014	1
	2015	1
	2016	0
	2017	0
New Jersey	2014	1
	2015	0
	2016	0
	2017	0
New York	2014	1
	2015	1
	2016	0
	2017	0
North Carolina	2014	1
	2015	0
	2016	0
	2017	0
Ohio	2014	0
	2015	1
	2016	0
	2017	0
Oregon	2014	1
	2015	0
	2016	0
	2017	0

State	Year	Number of Transfers
Rhode Island	2014	0
	2015	1
	2016	0
	2017	0
South Carolina	2014	1
	2015	0
	2016	0
	2017	0
Vermont	2014	1
	2015	1
	2016	0
	2017	0
Virginia	2014	1
	2015	0
	2016	0
	2017	0
Washington	2014	1
	2015	0
	2016	0
	2017	0
West Virginia	2014	0
	2015	1
	2016	0
	2017	0
Totals	**2014**	**19**
	2015	**9**
	2016	**0**
	2017	**0**

Table 3

STATUS OF FRANCHISED AREA FRANCHISES
FOR YEARS 2014 TO 2017[(1), (2)]

State	Year	Area Franchises at Start of Year	Area Franchises Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations –Other Reasons	Area Franchises at End of the Year
Alabama	2014	1	0	0	0	0	0	1
	2015	1	0	1	0	0	0	0
	2016	0	1	0	0	0	0	1
	2017	1	0	1	0	0	0	0

State	Year	Area Franchises at Start of Year	Area Franchises Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations –Other Reasons	Area Franchises at End of the Year
Arizona	2014	1	0	0	0	0	0	1
	2015	1	0	0	0	0	0	1
	2016	1	0	0	0	0	0	1
	2017	1	0	0	0	0	0	1
Arkansas	2014	1	0	1	0	0	0	0
	2015	0	0	0	0	0	0	0
	2016	0	0	0	0	0	0	0
	2017	0	0	0	0	0	0	0
California	2014	4	0	0	0	0	0	4
	2015	4	0	0	0	0	0	4
	2016	4	0	0	0	0	0	4
	2017	4	0	0	0	2	0	2
Colorado	2014	1	0	0	0	0	0	1
	2015	1	0	0	0	0	0	1
	2016	1	0	0	0	0	0	1
	2017	1	0	0	0	1	0	0
Connecticut	2014	1	0	0	0	0	0	1
	2015	1	0	0	0	0	0	1
	2016	1	0	0	0	0	0	1
	2017	1	0	0	0	0	0	1
Delaware	2014	1	0	0	0	0	0	1
	2015	1	0	0	0	0	0	1
	2016	1	0	0	0	0	0	1
	2017	1	0	1	0	0	0	0
District of Columbia	2014	1	0	0	0	0	0	1
	2015	1	0	0	0	0	0	1
	2016	1	0	0	0	0	0	1
	2017	1	0	1	0	0	0	0
Florida	2014	3	0	0	0	0	1	2
	2015	2	0	0	0	0	0	2
	2016	2	0	0	0	0	0	2
	2017	2	0	1	0	1	0	0
Georgia	2014	1	0	0	0	0	0	1
	2015	1	0	0	0	0	0	1
	2016	1	0	0	0	0	0	1
	2017	1	0	1	0	0	0	0

State	Year	Area Franchises at Start of Year	Area Franchises Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations –Other Reasons	Area Franchises at End of the Year
Idaho	2014	1	0	0	0	0	0	1
	2015	1	0	0	0	0	0	1
	2016	1	0	0	0	1	0	0
	2017	0	0	0	0	0	0	0
Illinois	2014	2	0	0	0	0	0	2
	2015	2	0	0	0	0	0	2
	2016	2	0	2	0	0	0	0
	2017	0	0	0	0	0	0	0
Indiana	2014	3	0	0	0	0	0	3
	2015	3	0	0	0	0	0	3
	2016	3	0	1	0	0	0	2
	2017	2	0	1	0	0	0	1
Iowa	2014	2	0	0	0	0	0	2
	2015	2	0	0	0	0	0	2
	2016	2	0	2	0	0	0	0
	2017	0	0	0	0	0	0	0
Kansas	2014	1	0	0	0	0	0	1
	2015	1	0	0	0	0	0	1
	2016	1	0	1	0	0	0	0
	2017	0	0	0	0	0	0	0
Kentucky	2014	3	0	0	0	0	0	3
	2015	3	0	0	0	0	0	3
	2016	3	0	1	0	0	0	2
	2017	2	0	1	0	0	0	1
Louisiana	2014	1	0	0	0	0	0	1
	2015	1	0	1	0	0	0	0
	2016	0	0	0	0	0	0	0
	2017	0	0	0	0	0	0	0
Maine	2014	0	0	0	0	0	0	0
	2015	0	1	0	0	0	0	1
	2016	1	0	0	0	0	0	1
	2017	1	0	0	0	0	0	1
Maryland	2014	1	0	0	0	0	0	1
	2015	1	0	0	0	0	0	1
	2016	1	0	0	0	0	0	1
	2017	1	0	1	0	0	0	0

State	Year	Area Franchises at Start of Year	Area Franchises Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations –Other Reasons	Area Franchises at End of the Year
Massachusetts	2014	1	0	0	0	0	0	1
	2015	1	0	0	0	0	0	1
	2016	1	0	0	0	0	0	1
	2017	1	0	0	0	0	0	1
Michigan	2014	1	0	0	0	0	0	1
	2015	1	0	0	0	0	0	1
	2016	1	0	1	0	0	0	0
	2017	0	0	0	0	0	0	0
Minnesota	2014	1	0	0	0	0	0	1
	2015	1	0	0	0	0	0	1
	2016	1	0	1	0	0	0	0
	2017	0	0	0	0	0	0	0
Mississippi	2014	2	0	1	0	0	0	1
	2015	1	0	1	0	0	0	0
	2016	0	0	0	0	0	0	0
	2017	0	0	0	0	0	0	0
Missouri	2014	2	0	1	0	0	0	1
	2015	1	0	0	0	0	0	1
	2016	1	0	1	0	0	0	0
	2017	0	0	0	0	0	0	0
Montana	2014	1	0	0	0	0	0	1
	2015	1	0	0	0	0	0	1
	2016	1	0	0	0	1	0	0
	2017	0	0	0	0	0	0	0
Nebraska	2014	2	0	0	0	0	0	2
	2015	2	0	0	0	0	0	2
	2016	2	0	1	0	1	0	0
	2017	0	0	0	0	0	0	0
New Hampshire	2014	1	0	0	0	0	0	1
	2015	1	0	0	0	0	0	1
	2016	1	0	0	0	0	0	1
	2017	1	0	0	0	0	0	1

State	Year	Area Franchises at Start of Year	Area Franchises Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations –Other Reasons	Area Franchises at End of the Year
New Jersey	2014	2	0	0	0	0	0	2
	2015	2	0	0	0	0	0	2
	2016	2	0	0	0	1	0	1
	2017	1	0	0	0	0	0	1
New Mexico	2014	1	0	0	0	0	0	1
	2015	1	0	0	0	0	0	1
	2016	1	0	0	0	0	0	1
	2017	1	0	0	0	1	0	0
New York	2014	3	1	0	0	0	1	3
	2015	3	0	0	0	0	1	2
	2016	2	0	0	0	1	0	1
	2017	1	0	0	0	0	0	1
North Carolina	2014	1	0	0	0	0	0	1
	2015	1	0	0	0	0	0	1
	2016	1	0	0	0	0	0	1
	2017	1	0	1	0	0	0	0
Ohio	2014	1	0	0	0	0	0	1
	2015	1	0	0	0	0	0	1
	2016	1	0	0	0	0	0	1
	2017	1	0	1	0	0	0	0
Oklahoma	2014	1	0	0	0	0	0	1
	2015	1	0	0	0	0	0	1
	2016	1	0	0	0	0	0	1
	2017	1	0	0	0	0	0	1
Oregon	2014	1	0	0	0	0	0	1
	2015	1	0	0	0	0	0	1
	2016	1	0	0	0	1	0	0
	2017	0	0	0	0	0	0	0
Pennsylvania	2014	2	0	0	0	0	0	2
	2015	2	0	0	0	0	0	2
	2016	2	0	0	0	2	0	0
	2017	0	0	0	0	0	0	0
Rhode Island	2014	0	0	0	0	0	0	0
	2015	0	1	0	0	0	0	1
	2016	1	0	0	0	0	0	1
	2017	1	0	0	0	0	0	1

State	Year	Area Franchises at Start of Year	Area Franchises Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations –Other Reasons	Area Franchises at End of the Year
South Carolina	2014	1	0	0	0	0	0	1
	2015	1	0	0	0	0	0	1
	2016	1	0	0	0	0	0	1
	2017	1	0	1	0	0	0	0
Tennessee	2014	2	0	1	0	0	0	1
	2015	1	0	0	0	0	0	1
	2016	1	0	0	0	0	0	1
	2017	1	0	0	0	0	0	1
Texas	2014	3	0	1	0	0	0	2
	2015	2	0	0	0	0	0	2
	2016	2	0	0	0	0	0	2
	2017	2	0	0	0	1	0	1
Vermont	2014	1	0	0	0	0	0	1
	2015	1	0	0	0	0	0	1
	2016	1	0	0	0	0	0	1
	2017	1	0	0	0	0	0	1
Virginia	2014	1	0	0	0	0	0	1
	2015	1	0	0	0	0	0	1
	2016	1	0	0	0	0	0	1
	2017	1	0	1	0	0	0	0
Washington	2014	1	0	0	0	0	0	1
	2015	1	0	0	0	0	0	1
	2016	1	0	0	0	1	0	0
	2017	0	0	0	0	0	0	0
West Virginia	2014	1	0	0	0	0	0	1
	2015	1	0	0	0	0	0	1
	2016	1	0	0	0	0	0	1
	2017	1	0	1	0	0	0	0
Wisconsin	2014	2	0	0	0	0	0	2
	2015	2	0	0	0	0	0	2
	2016	2	0	2	0	0	0	0
	2017	0	0	0	0	0	0	0
TOTALS	**2014**	**64**	**1**	**5**	**0**	**0**	**2**	**58**
	2015	**58**	**2**	**3**	**0**	**0**	**1**	**56**
	2016	**56**	**1**	**13**	**0**	**9**[(3)]	**0**	**35**
	2017	**35**	**0**	**13**[(4)]	**0**	**6**[(3)]	**0**	**16**

(1) These numbers represent the total number of area franchises within our franchise system The numbers for the years ending 2014, 2015, 2016 are as of December 31st for each year and the numbers for 2017 are for the period from January 1, 2017 to May 15, 2017

(2) Some of our Area Representatives operate multiple area franchises As of May 15, 2017, there were 6 Area Representatives operating under 10 Area Representative Agreements in the United States Some of the Area Representative Agreements include ARAs that cover multiple states, in which case each state of the ARA is counted as a separate area franchise

(3) Although we reacquired these Area Representation franchises, we are not operating these territories as Area Representation businesses

(4) In April 2017, we delivered a notice of termination for one Area Representative Agreement covering a territory in 3 states, Delaware, Maryland, and Virginia, and the District of Columbia This termination will become effective in approximately mid-July 2017

Table 4

STATUS OF COMPANY-OWNED AREA REPRESENTATION FRANCHISES FOR YEARS 2014 TO 2017(1)

State	Year	Area Franchises at Start of Year	Outlets Opened	Area Franchises Reacquired from Franchisee	Area Franchises Closed	Area Franchises Sold to Franchisee	Area Franchises at End of the Year
Totals	2014	0	0	0	0	0	0
	2015	0	0	0	0	0	0
	2016	0	0	0	0	0	0
	2017	0	0	0	0	0	0

(1) The numbers for the years ending 2014, 2015, 2016 are as of December 31st for each year and the numbers for 2017 are for the period from January 1, 2017 to May 15, 2017

Table 5

PROJECTED OPENINGS AS OF MAY 15, 2017

State	Area Agreements Signed but Area Franchise Not Opened	Projected New Franchised Area Franchises in the Next Fiscal Year	Projected New Company-Owned Area Franchises in the Next Fiscal Year
All States	0	0	0
Total	**0**	**0**	**0**

A list of the names of all Area Representatives, and the addresses and telephone numbers of their Area Representative Businesses are listed in Exhibit C attached to this Disclosure Document A list with the name, city, state, and current business telephone number (or, if unknown, the last known home telephone number) of every Area Representative who has had an Area Representative Business terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the Area Representative Agreement during fiscal year 2016 and through May 15, 2017, or who has not communicated with us within 10 weeks of the date of this Disclosure Document is included on Exhibit D attached to this Disclosure Document If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system

During the last three fiscal years, we have signed confidentiality clauses with current and former Area Representatives In some instances, current and former Area Representatives may sign provisions restricting their ability to speak openly about their experience with the TILTED KILT franchise system You may wish to speak with current and former Area Representatives, but be aware that not all such Area Representatives will be able to communicate with you

As of the date of this Disclosure Document, there are no trademark-specific area representative organizations associated with the franchise system that have been created, sponsored or endorsed by us, and no independent franchisee organizations have asked to be included in this disclosure document

ITEM 21
FINANCIAL STATEMENTS

Attached to this Disclosure Document as Exhibit E are our audited financial statements for our fiscal years ended December 31, 2014, 2015 and 2016, and unaudited financial statements as of February 28, 2017 Our fiscal year end is December 31

ITEM 22
CONTRACTS

Attached to this Disclosure Document are the following franchise-related contracts

Exhibit B	Area Representative Agreement Franchise Agreement
Exhibit G	Confidentiality and Noncompetition Agreement
Exhibit I	Sample Release
Exhibit K	State Addenda and Riders to the Area Representative Agreement

ITEM 23
RECEIPTS

The last two pages of this Disclosure Document (following the exhibits and attachments) are documents acknowledging your receipt of this Disclosure Document (one copy for you and one copy to be signed and returned to us)

EXHIBIT A
(TO DISCLOSURE DOCUMENT)

LIST OF STATE AGENCIES/AGENTS FOR SERVICE OF PROCESS

LIST OF STATE AGENCIES

Listed here are the names, addresses and telephone numbers of the state agencies having responsibility for the franchising disclosure/registration laws We may not yet be registered to sell franchises in any or all of these states There may be states in addition to those listed below in which we have appointed an agent for service of process There may also be additional agents appointed in some of the states listed

California

Department of Business Oversight
320 West 4th Street, Suite 750
Los Angeles CA 90013-2344
(213) 576-7505
(866) 275-2677

1515 K Street, Suite 200
Sacramento CA 95814-4052
(916) 445-7205
(866) 275 2677

1350 Front Street
San Diego CA 92101
(619) 525-4044
(866) 275-2677

One Sansome Street, Ste 600
San Francisco CA 94104
(415) 972 8559
(866) 275 2677

Florida

Department of Agriculture and Consumer Services
Division of Consumer Services
227 N Bronough Street
City Centre Building, 7th Floor
Tallahassee FL 32301
(904) 922 2770

Hawaii

Business Registration Division
Securities Compliance Branch
Department of Commerce and Consumer Affairs
P O Box 40
Honolulu, Hawaii 96810
(808) 586-2722

Illinois

Office of Attorney General
Franchise Division
500 South Second Street
Springfield, IL 62706
(217) 782-4465

Indiana

Indiana Secretary of State
Securities Division
302 West Washington Street
Room E-111
Indianapolis IN 46204
(317) 232-6681

Maryland

Office of Attorney General
Maryland Division of Securities
200 St Paul Place
Baltimore MD 21202-2020
(410) 576-6360

Michigan

Michigan Attorney General s Office
Consumer Protection Division
Attn Franchise Section
G Mennen Williams Building, 1st Floor
525 West Ottawa Street
Lansing, Michigan 48933
(517) 373-7117

Minnesota

Minnesota Department of Commerce
Registration and Licensing Division
85 7th Place East, Suite 500
St Paul MN 55101
(612) 296-6328

Nebraska

Department of Banking and Finance
1200 N Street, Suite 311
P O Box 95006
Lincoln, NE 68509
(402) 471 3445

New York

Office of the New York State Attorney General
Investor Protection Bureau
Franchise Section
120 Broadway, 23rd Floor
New York NY 10271-0332
(212) 416-8236 Phone
(212) 416-6042 Fax

North Dakota

North Dakota Securities Department
600 East Boulevard Avenue
State Capitol, 5th Floor, Dept. 414
Bismarck, ND 58505-0510
(701) 328-4712

Oregon

Department of Business Services
Division of Finance & Corporate Securities
350 Winter Street, NE, Room 410
Salem, Oregon 97310-3881
(503) 378-4387

Rhode Island

Department of Business Regulations
Division of Securities
1511 Pontiac Avenue
Cranston, Rhode Island 02920
(401) 462-9500

South Dakota

South Dakota Department of Labor and Regulation
Division of Securities
124 S Euclid, Suite 104
Pierre, SD 57501
(605) 773-4823

Texas

Secretary of State
Statutory Document Section
P O Box 13563
Austin, TX 78711
(512) 475-1769

Virginia

State Corporation Commission
Division of Securities and Retail Franchising
1300 E Main Street, 9th Floor
Richmond, VA 23219
(804) 371 9051

Washington

Department of Financial Institutions
Securities Division
P O Box 9033
Olympia Washington 98501 9033
(360) 902-8760

Wisconsin

Securities and Franchise Registration
Wisconsin Securities Commission
345 West Washington Avenue 4th Floor
Madison, Wisconsin 53703
(608) 266-3431

LIST OF AGENTS FOR SERVICE OF PROCESS

California

California Commissioner of
Business Oversight
California Dept of Corporations
320 West 4th Street, Suite 750
Los Angeles California 90013-2344
(213) 576-7505
(866) 275-2677

Hawaii

Commissioner of Securities
Department of Commerce and
Consumer Affairs
Business Registration Division
Securities Compliance Branch
335 Merchant Street, Room 203
Honolulu, Hawaii 96813
(808) 586-2722

Illinois

Illinois Attorney General
500 South Second Street
Springfield, Illinois 62706
(217) 782-1090

Indiana

Indiana Secretary of State
201 State House
200 West Washington Street
Indianapolis Indiana 46204
(317) 232-6531

Maryland

Maryland Securities Commissioner
at the Office of the Attorney General
Securities Division
200 St Paul Place
Baltimore, Maryland 21202-2021
(410) 576-6360

Michigan

Michigan Department of
Commerce
Corporations and Securities Bureau
6546 Mercantile Way
Lansing, Michigan 48909
(517) 334-6212

Minnesota

Minnesota Commissioner of
Commerce
Department of Commerce
85 7th Place East, Suite 500
St. Paul Minnesota 55101
(651) 296-6328

New York

Attn New York Secretary of State
New York Department of State
One Commerce Plaza,
99 Washington Avenue, 6th Floor
Albany NY 12231-0001
(518) 473-2492

North Dakota

North Dakota Securities
Commissioner
600 E Boulevard Avenue
State Capitol 5th Floor
Bismarck North Dakota 58505-0510
(701) 328-2910

Oregon

Department of Business Services
Division of Finance & Corporate
Securities
350 Winter Street, NE Room 410
Salem, Oregon 97310-3881
(503) 378-4387

Rhode Island

Director of Rhode Island
Department of Business Regulation
1511 Pontiac Avenue
Cranston, Rhode Island 02920
(401) 462-9645

South Dakota

Director of South Dakota Division of
Securities
124 S Euclid, Suite 104
Pierre, South Dakota 57501
(605) 773-4823

Virginia

Clerk of the State Corporation
Commission
1300 East Main Street, 1st Floor
Richmond, Virginia 23219
(804) 371 9672

Washington

Director
Department of Financial Institutions
Securities Division
150 Israel Road, S W
Tumwater Washington 98501 9033

Wisconsin

Wisconsin Commissioner of
Securities
345 W Washington Ave 4th Floor
Box 1768
Madison, Wisconsin 53703
(608) 266-3431

EXHIBIT B
(TO DISCLOSURE DOCUMENT)

AREA REPRESENTATIVE AGREEMENT

TILTED KILT FRANCHISE OPERATING, LLC

2017

AREA REPRESENTATIVE AGREEMENT

BETWEEN

TILTED KILT FRANCHISE OPERATING, LLC

AND

______________________________("Area Representative")

Date of Area Representative Agreement

Area Representative

Area Representative Area

Area Representative Area Population

TABLE OF CONTENTS

EXHIBITS

TILTED KILT FRANCHISE OPERATING, LLC
AREA REPRESENTATIVE AGREEMENT

THIS AGREEMENT ("**Area Representative Agreement**" or "**Agreement**") is made this ___ day of ______________, 20___ (the "**Effective Date**"), between TILTED KILT FRANCHISE OPERATING, LLC, a Wyoming limited liability company, with its principal offices at 8915 S Harl Avenue, Tempe, Arizona 85284 ("**Franchisor**") and ____________________________________, with its principal business address at ____ ("**Area Representative**" or "**AR**"), who on the basis of the following understandings and in consideration of the following promises, agree as follows

1 BACKGROUND AND PURPOSE

1 1 The Franchisor has developed methods for the establishment, operation and promotion of sports and entertainment bars and restaurants that offer dinner entrees, traditional pub food, hamburgers, and salads, accompanied by full bar service, in a Celtic-themed atmosphere with numerous large-screen televisions featuring sports programming ("**TILTED KILT Restaurant**" or "**Restaurants**") and that use the service marks "TILTED KILT," "TILTED KILT PUB & EATERY" and related logos, service marks, trade names, trademarks and commercial symbols ("**Marks**") and operate under the Franchisor's distinctive entertainment and business format, systems, methods, procedures, designs, layouts and specifications ("**Licensed Methods**")

1 2 The Franchisor grants to qualified individuals, or to entities with which such individuals are affiliated, the right and license to develop and operate Restaurants using the Marks and Licensed Methods

1 3 The AR desires to act as an independent representative for the Franchisor within a certain geographic area, enabling the AR to operate a business ("**AR Business**" or "**Business**") that sells and develops franchises for TILTED KILT Restaurants and provides opening and operational support services to TILTED KILT Restaurants within such geographic area, under the terms and conditions which are contained in this Agreement

1 4 The Franchisor desires to grant the AR the right to serve as an area representative, enabling the AR to operate a business that sells and develops franchises for TILTED KILT Restaurants and that provides opening and operational support services to TILTED KILT Restaurants within a certain geographic area, under terms and conditions which are contained in this Agreement

2 DEFINITIONS

2 1 Area Representative Area Area Representative Area ("**ARA**") shall mean the geographic area described in Exhibit A attached hereto and incorporated herein by reference

2 2 Sales, Development and Restaurant Opening Period. "**Sales, Development and Restaurant Opening Period**" shall mean each period of time defined as a Sales, Development and Restaurant Opening Period in the attached Exhibit A

2.3 Franchise Agreement "**Franchise Agreement**" shall mean the forms of agreements (including, without limitation, the franchise agreement and any addendums, riders, statements of ownership, payment authorization agreements and personal guarantees used in connection therewith) used by the Franchisor from time to time in the granting of franchises for the ownership and operation of TILTED KILT Restaurants Attached to this Agreement as Exhibit B and incorporated herein by reference is the Franchisor's current form of Franchise Agreement The AR acknowledges that the AR will use the Franchisor's then current form of Franchise Agreement and that the Franchisor, in its sole discretion, may from time to time modify or amend in any respect the form of Franchise Agreement and related agreements, including but not limited to, modifying fees, customarily used in granting TILTED KILT Restaurant franchises The AR also acknowledges and agrees that it shall not negotiate the terms of the Franchise Agreement on the Franchisor's behalf

2 4 Franchisee "**Franchisee**" shall mean any person, corporation, partnership or other entity who has entered into a Franchise Agreement with the Franchisor

2 5 AR Manuals "**AR Manuals**" means the manuals, technical bulletins or other written, electronic, audio or videotaped materials covering mandatory and suggested operating and marketing techniques of an AR Business and standards and specifications for implementing the Licensed Methods

2 6 Affiliate "**Affiliate**" shall mean an individual or entity that directly, or indirectly through one or more intermediaries, controls, is controlled by or is under common control with another entity or individual

2.7 **Authorized Entity** "**Authorized Entity**" shall mean a legal entity that is controlled by the AR and meets the Franchisor's then current standards and requirements for Franchisees For purposes of this definition, a legal entity shall be deemed to be controlled by the AR if and only during such time as (1) the AR (or if an entity, the owners of the AR) owns not less than a majority of all ownership interest in such entity, (2) the AR has at least the percentage of voting power required under applicable law to authorize a merger, liquidation or transfer of substantially all of the assets of the entity and to control or determine any other vote or decision of the entity without the vote or approval of any other party, (3) if the entity is a partnership, the AR is the sole general partner of a limited partnership or managing partner of a general partnership, and (4) if the entity is a manager-managed limited liability company, the AR is the managing member

2 8 Principal Owner "**Principal Owner**" shall mean an Area Representative's owner who is a natural person with the greatest percentage of ownership interest and voting power in the Area Representative, as compared to the remaining owners The Franchisor shall have the right and is hereby authorized by the Area Representative to consider the Principal Owner as the chief executive officer who is authorized to represent the Area Representative in such capacity The Principal Owner shall be identified on Exhibit D The Area Representative may not change the identity of the Principal Owner without the Franchisor's prior written consent If the Area Representative is an entity, the Principal Owner is authorized to deal with the Franchisor on the Area Representative's behalf in respect to all matters whatsoever which may arise with respect to this Agreement and any decision made by the Principal Owner will be final and binding on the Area Representative and the Franchisor will be entitled to rely solely upon the decision of the Principal Owner in any such dealings, without the necessity of any discussions with any other party named in this Agreement or any other owner of the Area Representative, and the Franchisor will not be held liable for any actions taken by the Area Representative or otherwise, based upon any decisions or actions of the Principal Owner

2 9 Principal Manager "**Principal Manager**" shall mean the individual who will have day-to-day management authority over the AR Business The Principal Manager shall be identified on Exhibit D If the Principal Manager has not yet been determined, the Area Representative shall notify the Franchisor of the identity of the Principal Manager as soon as determined The Principal Owner may, but does not need to, be the Principal Manager

3 SCOPE OF APPOINTMENT

3 1 Appointment of Area Representative/Scope of Operations The Franchisor appoints the AR, and the AR accepts the appointment and agrees to perform its obligations as an independent representative of the Franchisor in accordance with the terms and conditions of this Agreement, and only within the ARA, to develop and open Restaurants for business, itself or by soliciting and referring to Franchisor prospective franchisees who may qualify to develop, open and operate TILTED KILT Restaurants to be located in the ARA ("**Sales and Development Services**") as described in Section 9 3 below, and to perform certain site acquisition services and opening and operational support and other services ("**Support Services**") to Restaurants located in the ARA as those services are described in Sections 9 4 and 9 5 below

3 2 Rights and Limitations to ARA During the term of this Agreement, the Franchisor will not establish or license any other area representatives to act as independent representatives to perform Sales and Development Services or to thereafter render Support Services to Franchisees in the ARA, provided, however, that the Franchisor shall retain such rights in the ARA as described in Section 3 4 below

3 3 Business Office The AR agrees to select and propose to the Franchisor for the Franchisor's prior approval and to maintain at all times during the term of this Agreement suitable office facilities in the ARA for operation of the AR Business ("**Business Office**") The Business Office shall have a telephone line dedicated to the AR Business, high speed internet access and shall otherwise be equipped and furnished in a manner consistent with the image and minimum standards of the Franchisor The Business Office may be a home office

3 4 Franchisor's Reservation of Rights to Franchisor The AR acknowledges that the franchise granted hereunder is nonexclusive and that the Franchisor and its Affiliates retain the rights, among others

a to use, and to license others to use, the Marks and Licensed Methods for the operation of AR Businesses at any location other than in the ARA,

b to use the Marks and Licensed Methods to solicit prospective franchisees and to grant other persons franchises to operate TILTED KILT Restaurants, under Franchise Agreements or other agreements, at such locations within and outside of the ARA on such terms and conditions as the Franchisor deems appropriate (subject to the AR's right to receive a portion of the initial franchise fees and commissions for services rendered to such Restaurants as set forth in Article 6 of this Agreement),

c to own and operate TILTED KILT Restaurants within and outside of the ARA through itself or through its Affiliates,

d to use the Marks and Licensed Methods and any other marks to identify services and products, promotional and development efforts and related items which may be similar to those which Franchisees or Area Representatives will sell, but made available through alternative channels of distribution other than through TILTED KILT Restaurants, at any location,

e to offer and sell any food and beverage services and products under the Marks at or through any permanent, temporary, or seasonal non-traditional food service facility, such as a stadium, sports and entertainment venue, convention center, entertainment or amusement park, or airport, or at special indoor or outdoor events in the ARA,

f to use and license the use of different marks in connection with (i) the sale of franchises, or (ii) the sale of products and services similar to those which the Franchisees sell, whether in alternative channels of distribution or through restaurants which are the same as, or similar to, or different from TILTED KILT Restaurants, at any location, on any terms and conditions the Franchisor deems advisable, and

g to engage in any activity not specifically prohibited by this Agreement

4 FRANCHISE SALES AND DEVELOPMENT PROCEDURES

4 1 Sales, Development and Restaurant Opening Goals The AR agrees that during the term of this Agreement, the AR will meet and maintain within the ARA the franchise sales, development and Restaurant opening goals ("**Sales, Development and Restaurant Opening Goals**") set forth in Exhibit A to this Agreement The AR acknowledges and agrees that when there are enough TILTED KILT Restaurants open in the ARA to satisfy the total Sales, Development, and Restaurant Opening Goals ("**Total Goals**") set forth in Exhibit A, the AR shall be obligated to maintain the number of Restaurants in the Total Goals open and operating in the ARA throughout the remainder of the term of this Agreement The AR agrees that during the term of this Agreement, in addition to meeting its Total Goals, it will at all times faithfully, honestly, and diligently perform its obligations hereunder and will continuously exert its best efforts to promote and enhance the development and operation of TILTED KILT Restaurants within the ARA The AR further acknowledges and agrees that satisfaction of the Total Goals does not automatically mean the AR has complied with its obligations hereunder

4 2 Development by AR The AR or an Authorized Entity shall have the right to open and operate Restaurants in the ARA Every Restaurant developed by the AR or an Authorized Entity shall be governed by a separate Franchise Agreement executed by the AR (or an Authorized Entity) as a Franchisee thereunder The AR (or an Authorized Entity) shall comply with the Franchise Agreement, including payment of all fees to the Franchisor Subject to compliance with the terms and conditions of this Agreement, the AR will be entitled to the payments described in Article 6 of this Agreement

4 3 Franchise Registration and Disclosure The AR's Sales and Development Services, to the extent not fulfilled by the AR developing and opening its own Restaurants for business, shall consist of initially identifying and referring to the Franchisor such prospective franchisees who may qualify to develop, open and operate TILTED KILT Restaurants to be located in the ARA Neither the AR nor any employee or representative of the AR shall solicit prospective franchisees of TILTED KILT until the Franchisor has registered in the applicable jurisdiction and has provided the AR with the requisite documents, including the Franchise Disclosure Document or like disclosure document, or at any time when the Franchisor notifies the AR that its registration is not then in effect or its documents are not then in compliance with applicable law If the AR's activities pursuant to this Agreement require the preparation, amendment, registration or filing of information or any disclosure or other documents containing information regarding AR, all requisite disclosure documents, ancillary documents and franchise registration applications and registrations of AR as a franchise broker shall be prepared and filed by the Franchisor or its designee, and registration secured before the AR may solicit prospective franchisees of TILTED KILT Costs of such registration applicable to the AR shall be borne by the AR In particular, the AR shall

a prepare and forward to the Franchisor verified financial statements of the AR in such form and for such periods as may be designated by the Franchisor, including financial statements if necessary and appropriate to comply with applicable legal disclosure, filing or other legal requirements,

b promptly provide all information reasonably required by the Franchisor to prepare all requisite disclosure documents and ancillary documents for the offering of franchises throughout the ARA,

c execute all documents required by the Franchisor for the purpose of registering the AR and the Franchisor to offer franchises throughout the ARA, and

d. pay to the Franchisor, or its designee, upon demand, the costs of registering and preparing those portions of all such disclosure documents and ancillary documents which are applicable to the AR

The AR agrees to review all information pertaining to the AR to comply with legal requirements for selling franchises in the ARA and verify its accuracy if so requested by the Franchisor The AR acknowledges that the Franchisor, its Affiliates or its designees, shall not be liable to the AR for any errors, omissions or delays which may occur in the preparation of such materials Upon discovery of any possible error, omission or legal noncompliance issues, the AR shall immediately advise the Franchisor of the possible error, omission or legal noncompliance issue

4 4 Advertising, Recruiting and Screening The AR shall be responsible for advertising, recruiting, screening and interviewing prospects for TILTED KILT franchises within the ARA The AR shall provide prospective franchisees with written information regarding a TILTED KILT franchise prepared and approved by the Franchisor, or via the telephone, face-to-face meetings or by visiting other TILTED KILT Restaurants within the ARA The AR shall submit each qualified applicant ("**Applicant**") for a TILTED KILT franchise to the Franchisor for approval The AR shall conduct personal interviews with the Applicants and schedule and coordinate such interviews between Applicants and Franchisor as Franchisor shall deem appropriate The AR further agrees that all Applicants submitted to the Franchisor by the AR, if an individual, or the owners of the Applicant, if the Applicant is not an individual, shall be individuals who are of good character, have adequate financial resources and meet the Franchisor's criteria for Franchisees or owners of Franchisees Each application for a franchise received by the AR shall be submitted to the Franchisor with all information respecting the Applicant, its owners, if applicable, the general manager of the Applicant, if applicable, the Applicant's proposed franchise location, if known, and all other information then customarily required by the Franchisor concerning Applicants, including such financial statements and other information as the Franchisor may reasonably require The AR shall assist the Applicant in the preparation of reports and compiling of other information for submission to the Franchisor

4 5 Franchisor's Approval of Prospective Franchisees By delivery of written notice to the AR, the Franchisor shall grant or deny approval of Applicants to become TILTED KILT Franchisees The Franchisor agrees to exert commercially reasonable efforts to deliver such notification to the AR within 15 days after the later of (a) receipt by the Franchisor of a complete application, financial statement and other materials requested by the Franchisor, or (b) the personal interview of Applicant, if so requested by the Franchisor If the Franchisor, in its sole discretion, determines that the Applicant possesses sufficient financial and managerial capability and meets the other criteria then utilized by the Franchisor in the grant of franchises, the Franchisor shall offer to the Applicant a franchise for the operation of a TILTED KILT Restaurant The grant of the franchise shall be effected only upon and after the full execution of the then-current Franchise Agreement by the Franchisor and the Applicant

5 PAYMENTS TO THE FRANCHISOR

5 1 Initial Area Representative Fee The initial area representative fee ("**Initial Area Representative Fee**") payable to the Franchisor by the AR in consideration for the AR's appointment as exclusive AR within the ARA shall be calculated as set forth in the attached Exhibit A Unless otherwise agreed, the Initial Area Representative Fee is payable in full upon execution of this Agreement The Initial Area Representative Fee is fully earned by the Franchisor upon receipt and is nonrefundable once paid. The AR acknowledges that the Initial Area Representative Fee does not include payment of any initial franchise fees for an individual TILTED KILT Restaurant

5 2 Manner of Payment Upon Franchisor's request, and in no event later than thirty (30) days prior to the opening of the AR Business, AR shall execute an Authorization Agreement for Prearranged Payments in the form attached hereto as Exhibit E AR acknowledges and agrees that Franchisor shall have the right to electronically transfer funds from AR's bank account to Franchisor's bank account for any amounts owed by AR to Franchisor including Advertising Fees (defined in Section 13 10 below), costs related to errors and omissions insurance, promissory note payments and any other amounts due to Franchisor from AR

6 PAYMENTS TO THE AREA REPRESENTATIVE

6 1 Commissions on Sales and Development Services During the term of this Agreement, the AR shall be entitled to payment of a commission based on a percentage of initial franchise fees paid by Franchisees (including when the AR is a Franchisee) for the purchase of a franchise for a TILTED KILT Restaurant to be located within the ARA, upon fulfillment of the following conditions ("**Franchise Sales Conditions**")

a The Franchisee (whether it is the AR or a third-party Franchisee) shall have executed a Franchise Agreement with the Franchisor and an initial franchise fee shall have been paid in full and actually received by the Franchisor (the Franchisor shall not be deemed to have received any fees paid into escrow, if applicable, until such fees have actually been remitted to the Franchisor),

b The sale for which the initial franchise fee has been paid is not a resale of any existing TILTED KILT Restaurant, or any interest therein,

c The Franchisee shall have successfully completed the Franchisor's franchisee training program,

d If an escrow of the initial franchise fee is required, the TILTED KILT Restaurant shall have opened for business and the initial franchise fee shall have been released from escrow, and

e The AR has complied with all other of its obligations under this Agreement with respect to such sale and has verified the same to the Franchisor, in writing in a form prescribed by the Franchisor

Subject to the above described Franchise Sales Conditions being fulfilled, commissions on Sales and Development Services shall be paid to the AR in the total amount of 40% of the total initial franchise fees paid by Franchisees in the ARA to the Franchisor Earned commissions on Sales and Development Services shall be payable to the AR within 30 days after the Franchise Sales Conditions shall have been met Subject to fulfillment of the Franchise Sales Conditions, the AR will be entitled to receive commission on Sales and Development Services for a TILTED KILT Restaurant to be located in the ARA for which a Franchisee has already signed a Franchise Agreement but the Restaurant has not opened as of the date of this Agreement, unless a commission has already been paid with respect to the Franchise Agreement

6 2 Commissions on Transfers of Franchises If, during the term of this Agreement, a TILTED KILT Restaurant located within the ARA or an interest therein is resold to a different Franchisee and the sale results in the execution of a Franchise Agreement and the payment of a transfer fee, then, subject to fulfillment by the AR of the ongoing support services relating to transfer set forth in Section 9 5 below, the Franchisor shall pay to the AR, within 30 days after the transfer closing takes place, 25% of the transfer fee received by the Franchisor from the transfer of Restaurants located in the ARA

6.3 Commissions on Royalty Fees Subject to Section 6 4 below and so long as the AR is in full compliance with this Agreement, the Franchisor shall pay to the AR, within 14 days of the end of each month, 33% of the amount of royalty fees (which excludes advertising fees) which each third party Franchisee located in the ARA paid to the Franchisor during the applicable month pursuant to their Franchise Agreement ("**Royalty Fees**") Notwithstanding the foregoing

a If the AR has failed to conduct the periodic inspections described in Section 9 5 below and file a written report or failed to perform in any material respect the other services to be provided to Franchisees located in the ARA described in Article 9 below during any applicable period with respect to one or more Franchisees located in the ARA, the AR shall not be entitled to receive any commissions on Royalty Fees with respect to such Franchisees within the ARA for the period during which reports or services were not provided.

b The AR shall not be entitled to share in or receive any commissions on Royalty Fees from any fees paid to the Franchisor by Franchisees in the ARA prior to the time AR completes the basic area representative training program and commences full performance of the services set forth in Article 9 of this Agreement

c The AR shall not receive commissions on Royalty Fees with respect to any TILTED KILT Restaurants in the ARA owned and operated by the Franchisor, its Affiliates or designees The AR shall provide the Sales and Development Services and Support Services for Company-Owned Restaurants only upon the request of the Franchisor

d. The AR shall be entitled to receive a commission on Royalty Fees with respect to any Restaurant in the ARA for which the Franchisor entered into a franchise agreement prior to the date of this Agreement unless specifically agreed otherwise in writing by the AR and the Franchisor

e The AR shall not be entitled to receive any commission on Royalty Fees with respect to sales from a temporary Tilted Kilt venue operating in conjunction or concurrence with a Special Event A "**Special Event**" means a sporting event, entertainment event or temporary attraction that does not exist on a permanent basis

f The AR shall not be entitled to receive any commission based on any amounts recovered by the Franchisor resulting from a Franchisee's breach of a franchise agreement, whether such recovery is by way of settlement, a judgment for lost future royalties, or otherwise

6 4 Application of Payments The Franchisor's payments to the AR shall be based on amounts actually collected from Franchisees, not on payments accrued, due or owing In the event of termination of a Franchise Agreement for a TILTED KILT Restaurant within the ARA under circumstances entitling the Franchisee to the return of some Royalty Fees (or in the event that the Franchisor becomes legally obligated or decides in its sole discretion, to return some Royalty Fees), the Franchisor may deduct the portion of the amount to be returned to the Franchisee in the same proportion as the AR shared in the Royalty Fees from any future amounts owed the AR The Franchisor shall apply any payments received from a Franchisee to any past due indebtedness of that Franchisee in the following order attorney fees and costs, collection costs, other indebtedness of the Franchisee to the Franchisor or its Affiliates, advertising contributions, and then Royalty Fees To the extent that such payments are applied to a Franchisee's overdue Royalty Fee payments, the AR shall be entitled to its pro rata share of such payments, less its pro rata share of the costs of collection paid to third parties

6 5 Setoffs The AR shall not be allowed to set off amounts owed to the Franchisor for fees or other amounts due hereunder, against any monies owed to the AR by the Franchisor, which right of set off is hereby expressly waived by the AR The Franchisor shall be allowed to set off amounts owed to the AR for commissions, commissions on Royalty Fees or other amounts due hereunder, against any monies owed to the Franchisor by the AR or its Affiliates, including setting off amounts owed to AR against all or part of any commission on Sales and Development Services paid to AR prior to the Franchisor's decision to provide a franchisee with a refund of all or part of an initial franchise fee paid by such franchisee to develop a Restaurant in the ARA The Franchisor's right to setoff shall continue in full force and effect, subsequent to and notwithstanding the expiration or termination of this Agreement

7 TRAINING ASSISTANCE

7 1 Area Representative Training The Franchisor shall furnish a basic area representative training program which shall include all or portions of the training program applicable to the Franchisor's Franchisees, and such further training as the Franchisor in its sole discretion deems advisable All training is furnished at such place and time as the Franchisor may designate The AR and all members of the AR's staff who are involved in Franchisee operations support and/or restaurant opening support must successfully complete the aforementioned components including participation in at least two restaurant openings (which last approximately 10 days each) designated by the Franchisor at the AR's cost The AR must complete the training described in this section at the earlier of (a) 3 months after the Effective Date or (b) before providing any support services to Franchisees Any of the AR's staff who will provide any support services to Franchisees must complete the aforementioned training before providing any support services to Franchisees If the AR or any of the AR's staff provides any services to Franchisees but has not previously completed the aforementioned training to the Franchisor's satisfaction, the Franchisor will not be obligated to pay the AR any commissions described in Section 6 for such services

7 2 Length of Training All individuals described in Section 7 1 above shall attend the basic area representative training program required by Franchisor, which currently consists of up to 19 days of training at the Franchisor's designated training facility or another location designated by the Franchisor The AR shall be responsible for all travel and living expenses which are incurred in connection with attendance at all portions of the basic area representative training program and at Restaurant openings The Franchisor may require that the AR, the Principal Owner, the Principal Manager and/or the AR's staff attend additional training and attend additional Restaurant openings if the Franchisor, in its sole discretion, believes that AR and its representatives need additional training to properly perform and conduct AR's obligations regarding Restaurant opening training and ongoing Restaurant assistance

7 3 Additional Training The basic area representative training program will be made available to replacement or additional representatives of the AR who will have direct contact with

franchisees on behalf of the AR during the term of this Agreement The Franchisor reserves the right to charge a tuition or fee payable in advance, in an amount commensurate with the then current published prices of the Franchisor for such training The AR will be responsible for all travel and living expenses incurred by its personnel in connection with attendance at the training program Further, the availability of the training programs will be subject to space considerations and prior commitments to new TILTED KILT Franchisees and ARs

7 4 Seminars and Ongoing Training From time to time, the Franchisor may present seminars, conventions or continuing development programs for the benefit of the AR or for the benefit of Franchisees located in the ARA The AR's Principal Manager shall be required to attend and pay any tuition charges for any such ongoing mandatory seminars, meetings, conferences, industry conventions or programs as may be offered by the Franchisor The Franchisor shall give the AR at least 30 days prior written notice of any seminar, meeting, conference, convention or program which is deemed mandatory The Franchisor will not require that the Principal Manager attend any ongoing training more often than two times per calendar year and any national convention more than once per calendar year The AR will be responsible for all travel and living expenses which are associated with attendance at any ongoing training program

7 5 No Other Training Duties or Obligations Other than as expressly specified in this Section 7, the Franchisor shall have no further duties or obligations to the AR or its staff, express or implied, to provide training

8 FRANCHISOR'S OPERATING ASSISTANCE

8 1 AR Manuals The Franchisor shall, in addition to the AR training program, grant to the AR during the term hereof access to its AR Manuals to assist the AR in the conduct of the business contemplated by this Agreement The Franchisor may provide the AR Manuals by any media that the Franchisor chooses, in its sole discretion, whether by print, electronically, digitally or any other means The Franchisor may prescribe mandatory and suggested standards and operating procedures for the AR in the AR Manuals, which may be modified from time to time by the Franchisor The AR shall keep its copy of the AR Manuals current In the event of a dispute relating to the AR Manuals, the master copy that the Franchisor maintains at its principal office shall be controlling The AR may not at any time copy any part of the AR Manuals, unless approved in writing by the Franchisor In the event the AR's copy of the AR Manuals is lost, destroyed or damaged, the AR shall be obligated to obtain from the Franchisor, at the Franchisor's then applicable charge, a replacement copy of the AR Manuals The AR shall comply with the AR Manuals as an essential aspect of its obligations under this Agreement Failure by the AR to comply with the AR Manuals is a breach of this Agreement

8 2 Operating Assistance The Franchisor may also make available the following services during the term of this Agreement

a Upon the reasonable request of the AR, and as the Franchisor deems necessary, consultation by telephone, facsimile or electronic mail regarding franchise sales, Franchisee Restaurant location selection, Franchisee support and assistance or other issues concerning the continued operation and management of the AR Business, and

b Access to franchise sales advertising and promotional materials as may be developed by the Franchisor from time to time, the cost of which may be passed on to the AR.

9 AREA REPRESENTATIVE'S OBLIGATIONS

9 1 Hiring and Training of Employees of Area Representative The AR shall hire all of the AR's employees, shall be exclusively responsible for the terms of their employment and compensation and shall implement a training program for employees to enable their compliance with the Franchisor's requirements The Franchisor reserves the right to require that the AR's employees attend, at the AR's cost, any training, program or seminar developed by the Franchisor, to certify the sales or service employees of the AR prior to such employees providing Sales and Development Services or Support Services In the event the Franchisor develops "sales kits" to assist the AR in the training of employees, the AR shall utilize and pay the Franchisor a reasonable amount for such "sales kits"

The AR acknowledges and agrees that the AR is solely responsible for all decisions relating to employees, agents, and independent contractors that the AR may hire to assist in the operation of the AR Business The AR agrees that any employee, agent, or independent contractor that the AR hires will be the AR's employee, agent, or independent contractor, and not the Franchisor's employee, agent, or independent contractor The AR also agrees that the AR is exclusively responsible for the terms and conditions of employment of the AR's employees, including recruiting, hiring, firing, training, compensation, work hours and schedules, work assignments, safety and security, discipline, and supervision The AR agrees to manage the employment functions of the AR Business in compliance with federal, state, and local employment laws The AR acknowledges and agrees that its employees must be qualified to perform the AR's obligations under this Agreement and in accordance with any requirements set forth in the AR Manuals The AR further acknowledges and agrees that the Franchisor may require that the AR's employees meet certain criteria and certain experience in restaurant operations

9 2 Commencement of Business Unless otherwise agreed to in writing by the Franchisor and the AR, the AR has 120 days from the date of this Agreement within which to complete the basic area representative training program and commence operation of its AR Business Once the AR has commenced operation of its AR Business, it must operate its AR Business continuously for the remainder of the term of this Agreement

9 3 Sales and Development Services The AR shall develop TILTED KILT Restaurants in the ARA and open such Restaurants for business in accordance with the Sales and Development Goals, itself or through identifying and referring to Franchisor such prospective franchisees who may qualify to develop, open and operate TILTED KILT Restaurants within the ARA All Sales and Development Services shall be conducted in accordance with the procedures described in Article 4 above

9 4 Pre-Opening and Opening Support Services The AR shall perform the following pre-opening and opening Support Services on behalf of the Franchisor with respect to Franchisees of TILTED KILT located in the ARA

a Provide advice to the Franchisee regarding the standards and specifications for the equipment, supplies and materials used in, and the menu items offered for sale by, the Restaurant and specifications regarding the selection of suppliers for the purchasing of items used in connection with the TILTED KILT Restaurant,

b Assist with Restaurant location selection for each Franchisee, which shall consist of assisting each Franchisee in completing a site submittal package (containing such demographic, commercial and other information as the Franchisor may reasonably require) for each location at which the Franchisee proposes to establish and operate a TILTED KILT Restaurant, c Provide information for the benefit of the Franchisor about required, recommended or acceptable terms and conditions to be included in the Franchisee's lease for the Restaurant premises,

d Assist with coordinating each Franchisee with the Franchisor's designated draftsman or architect to plan the as built survey, build out, interior design, layout, floor plan, signs, designs, color and decor of the Restaurant pursuant to the Franchisor's standards and specifications as prescribed from time to time,

e Provide advice to the Franchisee regarding the permitting, bidding and construction processes,

f Conduct on-site inspections of each TILTED KILT Restaurant in the ARA during the construction process and upon completion of construction to ensure that the Restaurant complies with the Franchisor's architectural standards and specifications, said inspections to be verified by the Franchisor, and complete and submit to the Franchisor inspection reports required by the Franchisor,

g Provide guidance in implementing grand opening advertising and marketing programs, operating and sales procedures and bookkeeping and accounting programs,

h Provide assistance to each Franchisee in the ARA for the purpose of coordinating the franchisee training program for each Franchisee as required in the Franchise Agreement,

i In full compliance with the Franchisor's requirements, including compliance with the AR Manuals, the AR shall provide all initial training and consulting services prior to opening day and on-site assistance beginning the day each TILTED KILT Restaurant located in the ARA opens for business, provided, however, in all cases the assistance described in this Section 9 4 i shall be provided by the AR (or its Principal Owner), the Principal Manager or one of the AR's employees who have successfully completed the basic area representative training program The Franchisor may, but is not obligated to, provide additional personnel, as determined in the Franchisor's sole discretion, to assist the AR with the training obligations described in this Section 9 4 i If the Franchisor determines that the AR is not qualified or sufficiently staffed to fulfill the AR's opening training obligations, the Franchisor may, in the Franchisor's sole discretion, and at the AR's sole expense, assume all or part of the obligations of the AR set forth in this Section 9 4 i The Franchisor reserves the right to charge the AR for all travel, lodging, living expenses and other identifiable expenses associated with such assistance, plus a fee based on the time spent by each representative of the Franchisor on behalf of the AR, which fee will be charged in accordance with the then-current daily or hourly rates being charged by the Franchisor for assistance Notwithstanding the foregoing, the Franchisor reserves the right to terminate the agreement if the AR refuses or fails to provide the assistance required in this Section 9 4 i, and

j Submit completed forms and reports to the Franchisor as prescribed by the Franchisor from time to time

9 5 Ongoing Support Services With respect to Franchisees of TILTED KILT located in the ARA, the AR shall perform the following ongoing Support Services on behalf of the Franchisor a Upon the reasonable request of the Franchisee, provide consultation by telephone, facsimile or electronic mail regarding the continuing operation and management of the Restaurant and advice regarding Restaurant products and services, product quality control, menu items and customer relations issues,

b Provide on-going updates of information and programs regarding menu items and their preparation, the restaurant business generally and related Licensed Methods, including without limitation, information about special or new services of the Franchisor,

c Provide advice and assistance to the Franchisee in connection with the development of and improvements to the Franchisee's Restaurant,

d Conduct on-site inspections of each TILTED KILT Restaurant in the ARA at the frequency and in the manner as required by the Franchisor from time to time, said inspections to be verified by written reports,

e Provide access to advertising and promotional materials as may be developed by the Franchisor from time to time, assist Franchisees in implementing their own local advertising and promotional campaigns,

f At the Franchisor's written request, establish a Local Advertising Group ("**LAG**") for all TILTED KILT Restaurants located in the ARA using forms and procedures supplied by the Franchisor, and represent the Franchisor with the LAG when required to do so

g Submit quarterly reports to the Franchisor on activities in the ARA, using procedures and forms prescribed and supplied by the Franchisor,

h. Use best efforts to cause the Franchisees in the ARA to timely pay all amounts due to the Franchisor and collect past due amounts from Franchisees,

i Use best efforts to assist the Franchisor with the collection of any and all reports that the Franchisees in the ARA are required to submit pursuant to the Franchise Agreement,

j Conduct at least one personal consultation per month with each Franchisee in the ARA regarding the continuing operation and management of the Restaurant and advice regarding services offered and related issues as designated in the AR Manuals

k. Assist the Franchisor in administering the transfer process in the event Franchisees in the ARA propose to transfer any interest in a Franchise Agreement, interest in the Franchisee entity or assets of a Restaurant located in the ARA, and

l Assist the Franchisor in approving and supervising Franchisee remodeling and upgrading of the real and personal property and equipment used in the operation of Restaurants located in the ARA

9 6 <u>Compliance with Franchise Agreement</u> AR acknowledges that it is being delegated certain responsibilities of the Franchisor under the Franchise Agreement to Franchisees in the ARA The responsibilities to Franchisees are to be performed by the AR as described herein or as may in the future be set forth in the AR Manuals or other reasonable standards and specifications as may be provided by the Franchisor from time to time, and the responsibilities to Franchisees will not materially change during the term of this Agreement In the performance of services to Franchisees of TILTED KILT located in the

ARA, the AR shall in all respects comply with the terms and conditions of any Franchise Agreement and other agreements in effect between the Franchisee and the Franchisor The AR understands, however, that its rights as an area representative are only by virtue of this Agreement and that it is not in any manner a party, third-party beneficiary or holder of any other right, title or interest in or to any Franchise Agreement, except for the Franchise Agreement(s) to which the AR (or an Authorized Entity) is a Franchisee party

9 7 Area Representative's Inspections The AR shall ascertain through field audits, reviews and inspections, that each Franchisee in the ARA has complied satisfactorily with all of the terms and conditions of the Franchise Agreement, specifications, standards, operating procedures, and the Franchisee manuals, and shall promptly notify the Franchisee in writing, with a copy and evaluation report to the Franchisor, of any deficiencies, provided, however, the AR understands and acknowledges that its inspections and reports are advisory only and that the Franchisor shall have (a) all of the rights to inspect and ascertain compliance of all Franchisees as if this Agreement were not in effect, (b) the sole right to send notices of default to the Franchisee, (c) the sole right to terminate a Franchise Agreement for failure to cure such defaults (if an opportunity to cure is granted), and (d) the sole right to take any legal action with respect to any default or any violation of a Franchise Agreement If the AR believes that any Franchisee in the ARA has breached a Franchise Agreement or any other agreement with the Franchisor, the AR shall document in writing all facts related to the alleged breach and shall request in writing that the Franchisor investigate such alleged breach If, as a result of the Franchisor's investigation, the Franchisor determines that there is a breach by the Franchisee of its Franchise Agreement or any other agreement with the Franchisor, the Franchisor shall, in its sole discretion, take such action as it deems appropriate

9 8 Initial Advertising and Marketing Campaign, Marketing Plan At or around the time of commencement of the AR Business, the AR shall conduct in the ARA an initial advertising and marketing campaign for the sale of franchises The Franchisor and the AR shall agree upon and designate in Exhibit A to this Agreement the minimum AR expenditure for such initial advertising and marketing campaign The Franchisor shall assist the AR in determining the timing and content, and type of media package used, for the initial franchise sales and marketing campaign in the ARA The AR shall develop a franchise sales marketing plan and obtain the Franchisor's approval of such plan prior to commencing operation of the Business The Franchisor shall assist the AR in developing the franchise sales marketing plan for the Business by reviewing and approving the franchise sales marketing plan submitted by the AR

10 MARKS

10 1 Ownership and Goodwill of Marks The AR acknowledges that the Franchisor and its Affiliates have the sole right to license and control the Marks and that the AR's rights to use the Marks are derived solely from this Agreement and from the Franchise Agreement(s) which the AR or its Affiliate(s) have signed, unless such rights are granted under a separate written agreement with the Franchisor, and are limited to operating as a Franchisee under its Franchise Agreement(s) and as an AR pursuant to and in compliance with this Agreement Any unauthorized use of the Marks by the AR shall constitute a breach hereof and of the AR's and the Authorized Entities' Franchise Agreement(s) and an infringement of the Franchisor's rights in and to the Marks The AR acknowledges and agrees that its usage of the Marks and any goodwill established thereby shall inure to the Franchisor's exclusive benefit and that neither this Agreement nor the AR's Franchise Agreement(s) confer any goodwill or other interests in the Marks upon the AR

10 2 Limitations on Use The AR shall not use any Mark as part of any corporate or trade name or with any prefix, suffix or other modifying words, terms, designs or symbols (other than logos licensed to the AR hereunder), or in any modified form, nor may the AR use any Mark in connection with unauthorized services or products or in any other manner not expressly authorized in writing by the Franchisor The AR agrees to give such notices of trademark and service mark registration as the Franchisor specifies and to use and obtain such fictitious or assumed name registrations as may be required by the Franchisor or under applicable law The AR further agrees that no service mark other than "TILTED KILT" or such other Marks as may be specified by the Franchisor shall be used in the marketing, promotion or operation of the AR's Business Except as may be permitted in the AR Manuals, the AR agrees not to use any of the Marks as part of an electronic mail address or on any sites on the Internet or on the World Wide Web and the AR agrees not to use or register any of the Marks as a domain name on the Internet

10 3 Discontinuance of Use of Marks If it becomes advisable at any time in the Franchisor's sole discretion for the Franchisor and/or the AR to modify or discontinue use of any Mark and/or use one or more additional or substitute trademarks or service marks, the AR, at its expense, agrees to comply with the Franchisor's directions to do so within a reasonable time after notice thereof

10 4 Notification of Infringements and Claims The AR shall immediately notify the Franchisor of any apparent infringement of or challenge to the AR's use of any Mark, or claim by any person of any rights in any Mark, and the AR shall not communicate with any person other than the Franchisor or its counsel in connection with any such matter The AR may not settle any claim without the Franchisor's written consent The Franchisor and its Affiliates shall have sole discretion to take such action as it deems appropriate and the right to control any litigation, U S Patent and Trademark Office proceeding or any other administrative proceeding arising out of any such infringement, challenge or claim or otherwise relating to any Mark. The AR agrees to execute any and all instruments and documents, render such assistance and perform such acts as, in the opinion of the Franchisor's counsel, may be necessary or advisable to protect and maintain the Franchisor's interests in the Marks

10 5 Indemnification The Franchisor agrees to indemnify the AR against and to reimburse the AR for all damages for which the AR is held liable in any proceeding arising out of its authorized use of any Mark pursuant to and in compliance with this Agreement and the AR Manuals, provided that the AR has timely notified the Franchisor of such claim or proceeding and has otherwise complied with this Agreement and the AR Manuals The Franchisor shall defend and control the defense of any proceeding arising out of the AR's use of any Mark pursuant to and in compliance with this Agreement, as the Franchisor shall deem appropriate and in any manner that the Franchisor shall determine

11 CONFIDENTIAL INFORMATION

11 1 Confidential Information The Franchisor possesses certain proprietary confidential information consisting of the methods, techniques, formats, specifications, procedures, information, systems, methods of business management, sales and promotion techniques and knowledge of and experience in the operation and franchising of TILTED KILT Restaurants (the "**Confidential Information**") The Franchisor shall disclose the Confidential Information to the AR in the training program, the AR Manuals and in guidance furnished to the AR during the term hereof The AR has not acquired any interest in the Confidential Information, other than the right to utilize it in the ARA in the execution of the AR's duties hereunder during the term of this Agreement, and the AR acknowledges that the use or duplication of the Confidential Information in any other business venture would constitute an unfair method of competition The AR acknowledges and agrees that the Confidential Information is proprietary, includes trade secrets of the Franchisor and is disclosed to the AR solely on the condition that the AR agrees, and the AR (and its shareholders, officers, directors, partners, members, managers or equivalents, if the AR is an entity) does hereby agree that the AR (a) shall not use the Confidential Information in any other business or capacity, except as authorized under the terms of separate written agreements with the Franchisor, (b) shall maintain the absolute confidentiality of the Confidential Information during and for the greater of (i) three years after the expiration or termination (for any reason) of this Agreement or (ii) three years after the expiration or termination (for any reason) of all other written Agreements, including all Franchise Agreements to which the AR or an Authorized Entity and the Franchisor are parties, (c) shall not make unauthorized copies of any portion of the Confidential Information disclosed in written or other tangible form, and (d) shall adopt and implement all reasonable procedures prescribed from time to time by the Franchisor to prevent unauthorized use or disclosure of the Confidential Information The AR agrees that the Franchisor shall have the perpetual right to use and authorize other TILTED KILT franchisees and area representatives to use, and the AR shall fully and promptly disclose to the Franchisor, all ideas, concepts, methods and techniques relating to the development and/or operation of a TILTED KILT Restaurant or the AR's activities howsoever conceived or developed by the AR and/or its employees and/or the franchised TILTED KILT Restaurants serviced by the AR during the term of this Agreement The AR acknowledges that any such ideas, concepts, methods and techniques shall be the property of the Franchisor and the Franchisor may utilize or disclose such information to franchisees or other agents as it determines to be appropriate

11 2 Nondisclosure and Noncompetition Agreement The Franchisor reserves the right to require that the AR cause each of its officers, directors, partners, shareholders, members, managers, employees, agents, and independent contractors, and, if the AR is an individual, immediate family members, to execute a Nondisclosure and Noncompetition Agreement containing the covenants described in this Article 11, in a form approved by the Franchisor The AR acknowledges that any form of Nondisclosure and Noncompetition Agreement that the Franchisor approves or provides to the AR may or may not be enforceable in a particular jurisdiction The AR agrees that the AR is solely responsible for obtaining its own professional advice with respect to the adequacy of the terms and provisions of any Nondisclosure and Noncompetition Agreement that the AR's officers, directors, partners, shareholders, members, managers, employees, agents, independent contractors, and, immediate family members sign.

11.3 **Non-Disparagement** During the term of this Agreement and after its termination (for any reason) or expiration, AR agrees not to (and to use its best efforts to cause its shareholders, members, officers, directors, principals, agents, partners, employees, representatives, attorneys, spouses, affiliates, successors and assigns not to) disparage or otherwise speak or write negatively, directly or indirectly, of the Franchisor, its affiliates, any of its or its affiliates' owners, directors, officers, employees, representatives or affiliates, the "TILTED KILT" brand, the Licensed Methods, any TILTED KILT Restaurant, any business using the Marks, or take any other action which would subject the TILTED KILT brand to ridicule, scandal, reproach, scorn, or indignity, or which would negatively impact the goodwill of Franchisor or the TILTED KILT brand

12 EXCLUSIVE RELATIONSHIP

12 1 Exclusive Relationship The Franchisor has entered into this Agreement with the AR on the condition that the AR will deal exclusively with the Franchisor The AR acknowledges and agrees that the Franchisor would be unable to protect its Confidential Information and would be unable to encourage a free exchange of ideas and information among area representatives and the Franchisor if area representatives were permitted to hold interests in any Competitive Business, as defined below The AR therefore agrees that, during the term hereof, neither the AR (or its Principal Owner), the AR's Principal Manager, officers, directors, shareholders, members, managers, partners or equivalents who participate in the management of the AR, nor the AR's spouse, shall

a have any direct or indirect interest as a disclosed or beneficial owner in a "**Competitive Business**," which shall be defined as a business (i) offering dine-in services, traditional pub fare (including, without limitation, hamburgers, chicken wings, and/or chicken tenders), and alcoholic beverages or (ii) granting franchises or licenses for the operation of a business described in subsection (i) of this definition, or

b have any direct or indirect controlling interest as a disclosed or beneficial owner of a Competitive Business, or

c perform services as a director, officer, manager, employee, consultant, lessor, representative, agent or the equivalent for a Competitive Business, or

d divert or attempt to divert any business related to, or any customer or account of, the AR Business, the Franchisor's business or any other TILTED KILT area representative's or Franchisee's business, by direct inducement or otherwise, or divert or attempt to divert the employment of any employee of the Franchisor or another area representative or Franchisee licensed by the Franchisor to any Competitive Business by any direct inducement or otherwise

Notwithstanding the foregoing, the AR shall not be prohibited from owning securities in a Competitive Business if such securities are listed on a stock exchange or traded on the over-the-counter market and represent 5% or less of that class of securities issued and outstanding Notwithstanding the foregoing, the AR shall not be prohibited from operating any existing business the Franchisor has approved in writing as of the Effective Date ("**Existing Business**"), which Existing Business shall be identified and described in Exhibit A

13 OPERATING STANDARDS

13 1 Standards of Service The AR shall at all times give prompt, courteous and efficient service to TILTED KILT Franchisees in the ARA The AR shall, in all dealings with the Franchisor, Franchisees, prospective franchisees and the public, adhere to the highest standards of honesty, integrity, fair dealing and ethical conduct

13 2 Compliance with Laws and Good Business Practices The AR shall secure and maintain in force all required licenses, permits and certificates relating to the AR's activities hereunder and shall operate in full compliance with all applicable laws, ordinances and regulations The AR acknowledges being advised that many jurisdictions have enacted laws concerning the advertising, sale, renewal, termination and continuing relationship between parties to a franchise agreement, including without limitation, laws concerning disclosure requirements The AR agrees promptly to become aware of, and to comply with, all such laws and legal requirements in force in the ARA and to utilize only disclosure documents that the Franchisor has approved for use in the applicable jurisdiction Upon discovery of any possible error, omission or legal noncompliance issues, the AR shall immediately advise the Franchisor of the possible error, omission or legal noncompliance issue

13.3 Accuracy of Information Before it offers or sells any franchise, the AR shall each time take reasonable steps to confirm that the information contained in any written materials, agreements and other documents related to the offer or sale of franchises is true, correct and not misleading at the time of such offer or sale, and the offer or sale of such franchise will not at that time be contrary to or in violation of any applicable state law related to the registration of the franchise offering The Franchisor shall control the use of and shall disseminate all franchise disclosure documents and related disclosures and documents and shall provide the AR with information regarding any changes to its disclosure documents and other agreements within a reasonable time after such change If the AR notifies the Franchisor of an error in any information in the Franchisor's documents, the Franchisor shall have a reasonable period of time to attempt to correct any deficiencies, misrepresentations or omissions in such information

13 4 Notification of Litigation The AR shall notify the Franchisor in writing within five days of the commencement of any action, suit, arbitration, proceeding or investigation, and of the issuance of any order, writ, injunction, award or decree, by any court, agency or other governmental instrumentality which concerns the operation or financial condition of the AR, the AR's Business or any Franchisee in the ARA

13 5 Ownership and Management of Business The AR's Business shall at all times be under the direct, day-to-day, full-time supervision of the AR (or, if the AR is a partnership, corporation, limited liability company or other entity, the Principal Manager who shall have been approved by the Franchisor and who shall have satisfactorily completed the Franchisor's training program) The AR shall at all times during the term of this Agreement own and control the Business authorized hereunder Upon the request of the Franchisor, the AR shall promptly provide satisfactory proof of such ownership The AR represents that the Statement of Ownership, attached to this Agreement as Exhibit D and incorporated herein by reference, is true, complete, accurate and not misleading The AR shall promptly provide the Franchisor with written notification if the information contained in the Statement of Ownership changes at any time during the term of this Agreement and shall comply with the applicable transfer provision contained in Article 15 of this Agreement If the AR is not an individual, all owners of the AR shall execute the Guaranty and Assumption of AR's Obligations attached hereto as Exhibit C and incorporated herein by this reference

13 6 Conflicting Interests Between AR and AR Business The AR shall at all times faithfully, honestly and diligently perform its obligations hereunder and continuously exert its best efforts to promote, enhance and service TILTED KILT Restaurants in the ARA Except for the AR's operation of a TILTED KILT Restaurant, the AR shall not engage in any other business or other activity, directly or indirectly, that requires any significant management responsibility, time commitments, or otherwise may conflict with the AR's obligations hereunder, without the prior written approval of the Franchisor It shall be considered a conflict of interest and breach of this Agreement for the AR to advise a Franchisee to violate the franchise agreement between the Franchisee and the Franchisor or advise the Franchisee to disregard any duty or obligation that the Franchisee has under the Franchisee's franchise agreement

13 7 Conflicting Interests Between AR and Franchisee In order to avoid conflicting interest and to insure the AR's independence and objectiveness, the AR shall not loan to, or borrow money or anything of value from any Franchisee within the ARA, except for franchises owned by the AR or by an affiliate of the AR as the majority owner Furthermore, neither the AR nor any member of the AR's family shall, directly or indirectly, have any business relationship with a Franchisee other than the AR relationship, including but not limited to, minority ownership of a Franchisee, contractor, subcontractor, consultant, lessor, advisor, counsel or any other relationship from which the AR receives or expects to receive a fee, commission, payment or other consideration from Franchisee

13 8 Insurance The AR shall at all times during the term of this Agreement maintain in force, at the AR's sole expense, insurance for the AR Business of the types, in the amounts and with such terms and conditions as the Franchisor may from time to time prescribe in the AR Manuals or otherwise The AR acknowledges and agrees that the Franchisor may periodically increase the amounts of coverage required under these insurance policies and/or require different or additional insurance coverage at any time The insurance shall include, but not be limited to, errors and omissions insurance, general liability insurance, and automobile liability insurance The costs associated with obtaining errors and omissions insurance must be paid to the Franchisor or its designee on behalf of a third-party insurance company The Franchisor may allocate the collective cost of a group policy for errors and omissions insurance coverage for all TILTED KILT area representatives among such area representatives in a reasonable manner The AR shall maintain automobile liability insurance, including owned and non-owned automobile insurance, covering the AR and all employees of the AR with authority to operate a motor vehicle for business purposes in the amount not less than $3,000,000 or, with the Franchisor's prior written consent, such lesser amount as may be available at a commercially reasonable rate, but in no event less than any statutorily imposed minimum coverage All of the required insurance policies shall name the Franchisor as an additional insured, using a form of endorsement that the Franchisor has approved, contain a waiver of the insurance company's right of subrogation against the Franchisor and provide that the Franchisor will receive 30 days' prior written notice of termination, expiration or cancellation of any such policy The dollar amounts of insurance coverage required in this Section 14 8 are only minimums and are not representations or warranties of any kind that such coverage is sufficient for the operation of an AR Business – the AR needs to make an independent determination as to whether increased amounts or additional types of insurance are appropriate or required by applicable law The Franchisor's minimum requirements represent only the minimum coverage that the Franchisor deems acceptable to protect its interests The Franchisor is not responsible if the AR sustains losses that exceed the AR's insurance coverage under any circumstances

13 9 Proof of Insurance Coverage The AR will provide proof of insurance to the Franchisor prior to commencement of operation of its AR Business and upon the Franchisor's request This proof will show that the insurer has been authorized to inform the Franchisor in the event any policies lapse or are cancelled Noncompliance with the insurance provisions set forth herein shall be deemed a material breach of this Agreement, and in the event of any lapse in insurance coverage, in addition to all other remedies, the Franchisor shall have the right to demand that the AR cease operations of the AR Business until coverage is reinstated, or, in the alternative, pay any delinquencies in premium payments and charge the same back to the AR or obtain coverage on behalf of the AR and charge the AR all premiums and costs of obtaining such coverage for the AR The AR's obligation to obtain and maintain required insurance policies shall not be limited in any way by reason of any insurance maintained by the Franchisor, nor shall the AR's compliance with the insurance provisions in this Agreement relieve the AR of its obligations under Section 18 4 of this Agreement or any insurance requirements under any other agreements with the Franchisor

13 10 Advertising in ARA The Franchisor reserves the right to require the AR (upon 30 days' notice to the AR) to pay to Franchisor a monthly fee ("**Advertising Fee**") in an amount equal to $100 per 1,000,000 population in the ARA The population count in the ARA for purposes of calculating the Advertising Fee shall be designated in Exhibit A The population count will not change even if the Bureau of Census revises the estimate of the population in the ARA The Advertising Fee will be deposited in the Franchisor's Area Representative Marketing Fund ("**Marketing Fund**") The following terms and conditions will apply to the Advertising Fee payment

a The Advertising Fee shall be payable monthly on a date specified by Franchisor Any Advertising Fee collected by Franchisor will be deposited by Franchisor in one or more separate accounts (referred to collectively as the "**Fund**"), all designated as "**TILTED KILT Area Representative Marketing Fund** " Unpaid or delinquent Advertising Fees will be subject to interest at the lesser of 18% per annum or the maximum interest rate permitted by applicable law Upon written request by AR, Franchisor will make available to AR, no later than 120 days after the end of each calendar year, an annual unaudited financial statement for the Fund which indicates how deposits to the Fund have been spent Franchisor has the right to deposit into the Fund any advertising, marketing, or similar allowances paid by suppliers who deal with AR Businesses, in Franchisor's sole discretion AR Businesses that Franchisor or its Affiliates own pursuant to the terms of Franchisor's standard form of Area Representative Agreement will contribute to the Fund on the same basis as other ARs b The Fund will be administered by Franchisor and may be used for production and placement of media advertising, direct response literature, direct mailings, brochures, collateral advertising material, surveys of advertising effectiveness, development of Internet websites, or other advertising or public relations expenditures relating to advertising franchises for individual TILTED KILT Restaurants, providing professional services, materials, and personnel to support the marketing function, including Franchisor personnel and independent consultants Franchisor may reimburse itself for administrative costs, independent audits, reasonable accounting, bookkeeping, reporting and legal expenses, taxes, costs associated with marketing and advertising personnel, including independent consultants, and other reasonable direct and indirect expenses incurred by Franchisor or its authorized representatives in connection with the programs funded by the Fund Franchisor will not be liable for any act or omission that is consistent with this Agreement and is done in good faith. Franchisor may spend in any fiscal year an amount greater or less than the aggregate contribution of all AR Businesses to the Fund in that year, and the Fund may borrow from Franchisor or others to cover deficits or to invest in any surplus for future use All interest earned on monies contributed to the Fund will be used to pay advertising costs before other assets of the Fund are expended Franchisor may cause the Fund to be incorporated or operated through a separate entity, at such time as Franchisor deems appropriate, and such successor entity, if established, will have all rights and duties of Franchisor with respect to the Fund as specified in this <u>Section 13 10 b</u> Franchisor undertakes no obligation to ensure that the Fund will benefit any AR Business in proportion to its respective contribution, or that any particular advertising or marketing program will benefit any particular AR Business The Fund's primary purpose is to promote sales of franchised TILTED KILT Restaurants AR agrees to participate in any promotional campaigns and advertising and other programs that the Fund periodically establishes The Franchisor reserves the right to terminate the Fund upon 30 days' written notice to the AR. If the Fund is terminated, the Franchisor will (at its option) either spend the remaining Fund assets in accordance with this Section 13 10 or distribute the unspent assets to contributors (including the Franchisor and its affiliates, if applicable) then contributing to the Fund in proportion to their contributions during the preceding twelve (12) month period

13 11 <u>Approval of Advertising</u> Prior to their use by the AR, samples of all advertising and promotional materials not prepared or previously approved by the Franchisor, including, without limitation, Internet advertising on the World Wide Web or other similar network, shall be submitted to the Franchisor for approval If written approval is not received by the AR within 15 business days from the Franchisor's receipt of proposed advertising materials, the Franchisor shall be deemed to have denied approval of the proposed materials The AR shall not use any advertising or promotional materials that the Franchisor has not approved The AR acknowledges and understands that certain states require the filing of franchise sales advertising materials with the appropriate state agency prior to dissemination The AR agrees to fully and timely comply with such filing requirements at the AR's own expense unless such advertising has been previously filed with the state by the Franchisor The Franchisor may charge the AR, in the Franchisor's sole discretion, for the costs incurred by the Franchisor in printing multiple copies of advertising and marketing materials supplied by the Franchisor to the AR at the AR's request in addition to the Advertising Fee described in <u>Section 13 10</u>

13 12 <u>Local Advertising</u> The AR shall spend, during each calendar six-month period, $600 per 1,000,000 population in the ARA on advertising to sell franchises in the ARA ("**Required Local Advertising Expenditure**"), provided, however, that the Required Local Advertising Expenditure shall be reduced by the amount of money the AR has actually paid in Advertising Fees pursuant to <u>Section</u>

13 10 above The population count in the ARA for purposes of calculating the Required Local Advertising Expenditure shall be designated in Exhibit A The population count will not change even if the Bureau of Census revises the estimate of the population in the ARA The Franchisor, in its sole discretion, may reduce the population count in the ARA used to determine the Required Local Advertising Expenditure if the Franchisor determines certain portions of the ARA are not suitable for Restaurant development The AR shall submit to the Franchisor an accounting of its Required Local Advertising Expenditures within 15 days following the end of each six-month calendar period during the term of this Agreement if requested by the franchisor The Franchisor reserves the right to withhold the payment of commissions on Royalty Fees due to the AR until such time as the Franchisor receives the AR's Required Local Advertising Expenditure report for all previous six-month periods All advertising and promotion by the AR shall be completely factual and conform to the highest standards of ethical advertising The AR agrees to refrain from any business or advertising practice that may be injurious to the Franchisor, the goodwill associated with the Marks or Restaurants

13 13 Accounting, Bookkeeping and Records The AR shall maintain at its Business premises in the ARA all original invoices, receipts, checks, contracts, licenses, acknowledgement of receipt forms and bookkeeping and business records as the Franchisor may require from time to time The AR shall furnish to the Franchisor, within 90 days after the end of the AR's fiscal year, a balance sheet and profit and loss statement for the AR's Business for such year (or monthly or quarterly statements if required by the Franchisor, in which case such statements shall also reflect year-to-date information) In addition, upon request of the Franchisor, within 10 days after such returns are filed, exact copies of federal and state income, sales and any other tax returns and such other forms, records, books and other information as the Franchisor may periodically require regarding the AR's Business shall be furnished to the Franchisor The AR shall maintain all records and reports of the Business conducted pursuant to this Agreement for at least five years

13 14 Reports The AR shall, as often as required by the Franchisor deliver to the Franchisor a written report of its Business activities during such period as required in Sections 9 4 and 9 5 above, in such form and in such detail as the Franchisor may from time to time specify, including information about efforts to solicit prospective franchisees, the status of pending real estate transactions and the status of the Restaurants in the ARA The AR shall, as often as required by the Franchisor, during the term of this Agreement, deliver to the Franchisor the on-site inspection reports required in Section 9 5 above, for each Franchisee in the ARA, in such form and in such detail as the Franchisor may from time to time specify Records of the Area Representative business must be kept in the form and manner prescribed in the AR Manuals The AR shall keep all records relating to the AR Business for the duration of this Agreement or as specified in the AR Manuals

13 15 Compliance with Third Party Agreements The AR shall comply with all agreements with third parties and pay all obligations related to the AR Business and any franchise of the AR or affiliate of the AR

13 16 Late Charges The Franchisor reserves the right to automatically assess a $50 late charge for any report or financial statement required under the terms of this Agreement which is not timely filed by the AR Such late charge shall continue to accrue each month that the late report or financial statement remains un-filed and shall be due and payable in full upon demand by the Franchisor In the event any late charge is not paid upon demand, the Franchisor may elect to pursue all of its available remedies

13 17 Confidential Communications The AR acknowledges and agrees that the AR shall obtain from the Franchisor or from prospective and current Franchisees in the ARA sensitive confidential information consisting of communications between the AR and the Franchisor regarding prospective and existing Franchisees in the ARA, information regarding prospective franchisees and existing Franchisees in the ARA, and information regarding the TILTED KILT franchise system ("**Confidential Communications**") Except for disclosure of Confidential Communications to the Franchisor or with the prior written consent of the Franchisor, the AR (and its shareholders, officers, directors, partners, members, managers, or equivalent if the AR is an entity) shall not disclose the Confidential Communications to any third parties, including prospective and current Franchisees

13 18 Electronic Advertising The AR shall not develop, create, distribute, disseminate or use any Internet advertising or website, or any multimedia, telecommunication, mass electronic mail, facsimile or audio/visual advertising, promotional or marketing materials, directly or indirectly related to the offer or sale of TILTED KILT franchises, the Marks or the Licensed Methods ("**Electronic Advertising**"), without the Franchisor's prior written consent, which may be withheld in the Franchisor's sole discretion The Franchisor shall retain the exclusive right to develop and control the content of all Electronic Advertising for the offer and sale of TILTED KILT franchises The Franchisor reserves the right, upon 30 days' prior written notice, to require the AR to participate in any Electronic Advertising for the offer and sale of TILTED KILT franchises sponsored by the Franchisor If the Franchisor permits the AR to develop any Electronic Advertising, the AR shall do so in compliance with the Franchisor's policies and rules regarding the creation, maintenance, use and content of such Electronic Advertising, as set forth in this Agreement and the AR Manuals The Franchisor may require the AR to link its website to a website as may be maintained by the Franchisor and may also charge the AR a reasonable fee to establish and maintain such link.

14 INSPECTIONS AND AUDITS

14 1 Inspections and Audits To determine whether the AR is complying with this Agreement, the Franchisor or its designee shall have the right at any time during normal business hours, and without prior notice to the AR, to enter onto the premises in which the AR is then keeping its business records and inspect, and conduct an audit of, the business records, bookkeeping and accounting records, invoices, payroll records, time cards, check stubs, bank deposits, receipts, sales tax records and returns and other business records and documents of the AR's Business The AR and its employees shall fully cooperate with representatives of the Franchisor making, conducting, supervising or observing any such inspection or audit The Franchisor may require the AR to purchase a computer and modem and to join and pay for an electronic network connection to facilitate the Franchisor's communication with the AR and among all area representatives and Franchisees, and to allow the Franchisor unlimited electronic access to the AR's Business records

15 TRANSFERS

15 1 Transfers by the Franchisor This Agreement is fully transferable by the Franchisor and shall inure to the benefit of any transferee or other legal successor to the Franchisor's interests herein

15 2 Transfers by Area Representative The AR agrees that the rights and duties created by this Agreement are personal to the AR (or its officers, directors, shareholders, managers, members, partners or equivalents if the AR is an entity) and that the Franchisor has entered into this Agreement in reliance upon the Franchisor's perceptions of the individual or collective character, skill, aptitude, attitude, business ability and financial capacity of the AR (or its officers, directors, shareholders, members, managers, partners or equivalents) Accordingly, without the prior written consent of the Franchisor neither this Agreement (or any interest therein), nor any part or all of the ownership of the AR may be transferred Any unauthorized transfer shall constitute a breach hereof and be void and of no effect As used in this Agreement, the term "**transfer**" shall mean and include the voluntary, involuntary, direct or indirect assignment, sale, subfranchise, gift or other disposition by the AR (or any of its owners) of any interest in (1) this Agreement, (2) ownership interests in the AR, or (3) all or a significant part of the assets of the Business An assignment, sale, subfranchise, gift, or other disposition shall include, without limitation, a transfer resulting from a divorce, insolvency, corporate or partnership dissolution proceeding or otherwise by operation of law or, in the event of the death of the AR or an owner of the AR, by will, declaration of or transfer in trust or under the laws of intestate succession. In addition, the AR shall not assign or pledge this Agreement, the AR Business or any assets of the AR Business, or an ownership interest in the AR (other than to the Franchisor) as additional security for any loans or other financing

If the AR intends to list the AR Business for sale with any broker or agent, the AR shall do so only after obtaining the Franchisor's written approval of the broker or agent and of the listing agreement The AR may not use or authorize the use of any Mark in advertising the transfer or other disposition of the AR Business or of any ownership interest in the AR without the Franchisor's prior written consent The AR shall not use or authorize the use of, and no third party shall on the AR's behalf use, any written materials to advertise or promote the transfer of the AR Business or of any ownership interest in the AR without the Franchisor's prior written approval of such materials

15 3 <u>Conditions for Approval of Transfer</u> If the AR and its owners are in full compliance with this Agreement, then, subject to the other provisions of this Section 15, the Franchisor will approve a transfer that meets all of the requirements in this Section 15 3 A non-controlling ownership interest in the AR (determined as of the date on which the proposed transfer will occur) may be transferred if the proposed transferee and its direct and indirect owners (if the transferee is an entity) are of good character and meet Franchisor's then applicable standards for Area Representatives (including no ownership interest in or performance of services for a Competitive Business) For any proposed transfer (including a transfer of this Agreement, a transfer of a "controlling ownership interest" (defined below) in the AR or one of its owners, or a transfer which is one of a series of transfers, regardless of the time period over which these transfers take place, which in the aggregate transfers this Agreement or a controlling ownership interest in the AR or one of its owners) all of the following conditions must be met before or concurrently with the effective date of the transfer

a The transferee shall have sufficient business experience, aptitude and financial resources to act as an AR as determined by the Franchisor, agrees to be bound by all of the terms and conditions of this Agreement and the transferee and/or its Principal Manager must have completed the Franchisor's training program to the Franchisor's satisfaction,

b The AR shall have paid all fees due hereunder for purchases from the Franchisor and all other amounts owed to the Franchisor or its Affiliates and third party creditors and submit to the Franchisor all required reports and statements,

c The AR or the transferee shall have paid the Franchisor a transfer fee in the amount of $30,000 to defray expenses the Franchisor incurs in connection with the transfer,

d The AR (and/or its transferring owners) executes a general release, in form satisfactory to the Franchisor, of any and all claims against the Franchisor and its Affiliates and their respective officers, directors, employees, agents or equivalents,

e The transferee shall sign an express written assumption of the AR's obligations pursuant to this Agreement, or at the option of the Franchisor, execute an Area Representative Agreement in the form then currently offered by the Franchisor, the term of which will end on the expiration date of this Agreement, and which shall supersede this Agreement in all respects, and which shall include but not be limited to, the execution of the Franchisor's then-current form of Guaranty and Assumption of Obligations by each of the transferee's owners If a new Area Representative Agreement is signed, the terms may differ from the terms of this Agreement, provided however, the transferee will not be required to pay any additional initial fee,

f If the AR (and/or the transferring owners) finances any part of the sale price of the transferred interest, the AR and/or its owners shall have agreed that all obligations of the transferee under any promissory notes, agreements or security interests shall be subordinate to the transferee's obligations to pay fees, and other amounts due to the Franchisor and its Affiliates and otherwise to comply with this Agreement,

g The AR (and/or its transferring owners) shall have executed a noncompetition covenant in favor of the Franchisor and the transferee with terms the same as those set forth in Section 17 5 below, and

h The AR consents for the Franchisor to give the transferee copies of any reports that the AR has given the Franchisor or any other information regarding the Business

A "controlling ownership interest" in the AR or one of its owners (if an entity) means a percentage of the voting shares or other voting rights that is equal to or greater than one hundred percent (100%) divided by the total number of owners

15 4 Transfer to an Entity If the AR is in full compliance with this Agreement, the AR may transfer this Agreement to a corporation or other entity of which the AR owns 100% of the ownership interest with the Franchisor's prior written approval, which approval shall not be unreasonably withheld. The transfer fee described in Section 15 3(c) above will be waived by the Franchisor and all owners of such entity shall sign a Guaranty and Assumption of Area Representative's Obligations, attached hereto as Exhibit C, provided, however, the Franchisor reserves the right to require the AR to reimburse the Franchisor for any direct costs the Franchisor incurs in connection with documenting and otherwise processing such transfer, including reasonable legal fees

15 5 Franchisor's Approval of Transfer The Franchisor has 30 days from the date of the written notice of the proposed transfer to approve or disapprove in writing, of the AR's proposed transfer Written notice shall mean and include all documentation necessary to evaluate the transferee The Franchisor's failure to provide written approval or disapproval shall be deemed the Franchisor's disapproval of the proposed transfer The AR acknowledges that the proposed transferee shall be evaluated for approval by the Franchisor based on the same criteria as is currently being used to assess new area representatives and new franchisees of the Franchisor and that such proposed transferee shall be provided, if appropriate, with such disclosures as may be required by state or federal law

15 6 Death or Disability of Area Representative Upon the death or permanent disability of the AR (or the Principal Owner), the executor, administrator, conservator, guardian or other personal representative of such person shall transfer his or her interest in this Agreement or such interest in the AR to an approved third party that meets the Franchisor's then-current qualification standards for new ARs Such disposition of this Agreement or such interest (including, without limitation, transfer by bequest or inheritance) shall be completed within a reasonable time, not to exceed six months from the date of death or permanent disability, and shall be subject to all the terms and conditions applicable to transfers contained in this Article Failure to transfer the interest in this Agreement or such interest in the AR within said period of time shall constitute a breach of this Agreement For purposes hereof, the term "**permanent disability**" shall mean a mental or physical disability, impairment or condition that prevents the AR, a Principal Manager or an owner of a Controlling Interest in the AR from performing the essential functions of the AR

15 7 Right of First Refusal In the event the AR wishes to transfer a Controlling Interest in the AR, this Agreement, or all or substantially all of the assets of the Business, the AR agrees to grant to the Franchisor a 30-day right of first refusal to purchase such rights, interest or assets on the same terms and conditions as are contained in the written offer to purchase submitted to the AR by a bona fide proposed purchaser, less any and all amounts owed to the Franchisor from the AR or its Affiliates and less any transfer fees that would be due from the AR to the Franchisor had the Franchisor not elected to exercise its first right of refusal, provided, however, the following additional terms and conditions shall apply

a The AR shall notify the Franchisor of such offer by sending a written notice to the Franchisor (which notice may be the same notice as required by Section 15 5 above), enclosing a copy of the written offer signed by the bona fide proposed purchaser,

b The 30-day right of first refusal period will run concurrently with the period in which the Franchisor has to grant or deny approval of the proposed transferee,

c If the Franchisor elects to exercise its right of first refusal, the Franchisor shall have 60 days following the AR's receipt of the Franchisor's written notice of its election to close the purchase,

d. Such right of first refusal arises for each proposed transfer and any material change in the terms or conditions of the proposed transfer, even if to the same bona fide proposed purchaser, shall be deemed a separate offer for which a new 30-day right of first refusal shall be given to the Franchisor,

e If the consideration or manner of payment offered by a third party is such that the Franchisor may not reasonably be required to furnish the same, then the Franchisor may purchase the interest which is proposed to be transferred for the reasonable cash equivalent If the parties cannot agree within a reasonable time on the cash consideration, an independent appraiser shall be designated by the Franchisor, whose determination will be binding upon the parties All expenses of the appraiser shall be paid for equally between the Franchisor and the AR,

f The Franchisor shall also have the option of paying the purchase price by issuing an unsecured promissory note providing for payment of the purchase price in 72 equal monthly payments bearing interest at 4% per annum, and

g If the Franchisor chooses not to exercise its right of first refusal, the Franchisee shall be free to complete the transfer, subject to compliance with Sections 15 3 and 15 5 above Absence of a reply to the AR's notice of a proposed transfer within the 30 day period is deemed a waiver of such right of first refusal

16 TERM

16 1 Term The term of this Agreement is for a period of 20 years from the date of this Agreement, unless sooner terminated as provided herein.

17 TERMINATION

17 1 Termination By Area Representative The AR may terminate this Agreement at any time during the term hereof with 180 days advance written notice to the Franchisor, provided that upon termination under this Section 17 1, the AR shall execute a general release, in a form satisfactory to the Franchisor, of any and all known and unknown claims of any kind against the Franchisor, its Affiliates and their respective officers, directors, employees and agents, as well as any other documents required by the Franchisor to evidence the termination

17 2 Termination By Franchisor The Franchisor shall have the right to terminate this Agreement effective upon delivery of written notice of termination to the AR, unless otherwise noted below (subject to any state laws to the contrary, where state law shall prevail) if the AR (and/or any of its Affiliates, shareholders, members, managers, Principal Managers, partners or equivalents)

a Fails to satisfactorily complete the training program as provided in Section 7 1 of this Agreement,

b Has made any material misrepresentation or omission in its application to be an AR or in operating its Business,

c Fails to meet the Sales, Development and Restaurant Opening Goals set forth in Exhibit A,

d Surrenders, transfers control of or makes an unauthorized transfer of this Agreement or an ownership interest in the AR,

e Is arrested for or convicted of a felony or pleads no contest to a felony, or to any other crime or offense that is, in the opinion of the Franchisor, likely to adversely affect the goodwill associated with the Marks, or engages in any conduct which may adversely affect the reputation of TILTED KILT Restaurant or the goodwill associated with the Marks,

f Is declared bankrupt or insolvent or voluntarily institutes a bankruptcy proceeding under the Bankruptcy Code or is adjudicated bankrupt as a result of an involuntary petition in bankruptcy being filed against it (This provision may not be enforceable under federal bankruptcy law, 11 U S C §§ 101 et seq),

g Abandons or ceases to operate the AR Business for a period of 15 consecutive days or any shorter period that indicates an intent by the AR to discontinue operation of the AR Business unless precluded from doing so by an event beyond the AR's reasonable control, other than for financial reasons,

h Has received three notices of default from the Franchisor within a 12 month period, regardless of whether the defaults were cured by the AR,

i Fails to pay any amounts due the Franchisor or its affiliates within ten (10) days after receiving notice that such fees or amounts are overdue,

j Makes any unauthorized use of the Marks or unauthorized use or disclosure of the Confidential Information, or uses, duplicates or discloses any part of the AR Manuals,

k. Has terminated a Franchise Agreement or other agreement between the Franchisor and the AR or an Authorized Entity, or if the Franchisor has terminated such a Franchise Agreement or other agreement,

l Violates the covenant restricting competitive activity set forth in Section 12 1 of this Agreement,

m Has defaulted under the terms of any other agreement, including a promissory note, between the AR or an Authorized Entity and the Franchisor, and failed to cure the default under the terms thereof,

n Fails to comply with any agreement with any third party relating to the AR Business and fails to correct such failure within 30 days of receiving written notice,

o Fails to comply with any other provision of this Agreement or any mandatory specification, standard or operating procedure prescribed by the Franchisor and does not correct such failure within 30 days after written notice of such failure to comply is delivered to the AR,

p Violates Title VII of the Civil Rights Act of 1964 (or any successor law) or any similar law, as determined by a civil action or administrative proceeding, or

q Fails to meet the required deadline to commence operation of the AR Business as set forth in Section 9 2 of this Agreement

17 3 Rights and Obligations of the Area Representative Upon Termination or Expiration. Upon termination of this Agreement, whether pursuant to Section 17 1 or Section 17 2, the AR agrees

a To pay the Franchisor within 15 days after the effective date of termination or expiration of this Agreement, or such later date that the amounts due to the Franchisor are determined, such fees, amounts owed for purchases by the AR from the Franchisor or its Affiliates, interest due on any of the foregoing and all other amounts owed to the Franchisor or its Affiliates or designees which are then unpaid,

b To refrain from, directly or indirectly at any time or in any manner (except with respect to TILTED KILT franchises owned and operated by the AR) identifying itself or any business as a current or former AR or authorized agent of the Franchisor or its Affiliates, use any Mark, any colorable imitation thereof or other indicia of a TILTED KILT Restaurant in any manner or for any purpose or utilize for any purpose any trade name, trademark or service mark or other commercial symbol that suggests or indicates a connection or association with the Franchisor or its Affiliates,

c To immediately deliver to the Franchisor all past and present franchise sales leads and records and all contracts, acknowledgements of receipt, and other information and records related to Franchisees of the Franchisor in the ARA,

d To immediately cease the use of any and all of the Franchisor's proprietary property and immediately deliver to the Franchisor, at AR's expense, all advertising materials, the AR Manuals, all other manuals, forms, disclosure documents, franchise sales brochures and other materials containing any Mark or otherwise identifying or relating to the sale or service of TILTED KILT Restaurants Upon termination or expiration of this Agreement, the Franchisor has the right to immediately terminate the AR's access to the Franchisor's or its affiliates' proprietary property,

e To refrain from communicating, in any manner, with Franchisees, except as expressly authorized by the Franchisor,

f To take such action as may be required to cancel all fictitious or assumed names or equivalent registrations relating to the AR's use of any Mark,

g To notify the telephone company and all telephone directory publishers of the termination or expiration of the AR's right to use any telephone number and any regular, classified or other telephone directory listings associated with any Mark and to authorize transfer thereof to the Franchisor or its designee The AR acknowledges that, as between it and the Franchisor, the Franchisor has the sole rights to and interest in all telephone or facsimile machine numbers and directory listings associated with any Mark. The AR authorizes the Franchisor, and hereby appoints the Franchisor and any of its officers as the AR's attorney-in-fact, to direct the telephone company and all telephone directory publishers to transfer any telephone or facsimile machine numbers and directory listings relating to the AR's Business to the Franchisor at its direction, should the AR fail or refuse to do so, and the telephone company and all telephone directory publishers may accept such direction or this Agreement as conclusive evidence of the Franchisor's exclusive rights in such telephone numbers and directory listings and the Franchisor's authority to direct their transfer,

h If applicable, take such action as may be required to remove from the Internet all the sites referring to the AR's former Business or any Mark and to cancel or assign to the Franchisor, in the Franchisor's sole discretion, all rights to any domain names for any sites on the Internet that refer to the AR's former AR Business or any mark, except with respect to TILTED KILT franchises owned and operated by the AR, and

i Furnish the Franchisor, within 30 days after the effective date of termination or expiration, with evidence satisfactory to the Franchisor of the AR's compliance with the foregoing obligations

17 4 Confidential Information AR agrees that, upon termination or expiration of this Agreement, the AR shall immediately cease to use any Confidential Information of the Franchisor pursuant to this Agreement in any business or otherwise (except in connection with the operation of a TILTED KILT Restaurant pursuant to a Franchise Agreement with the Franchisor) and return to the Franchisor all copies of the AR Manuals and any other confidential materials which have been loaned to the AR by the Franchisor

17 5 Covenant Not to Compete Upon termination or expiration of this Agreement for any reason, the AR (and its Affiliates, shareholders, officers, directors, members, managers, partners and/or equivalents if the AR is a corporation, partnership, limited liability company or other entity) agrees that, for the greater of a period of two years commencing on the effective date of termination or expiration, or the date on which the AR ceases to conduct business, whichever is later, the AR (and its shareholders, officers, directors, members, managers, partners and/or equivalents if the AR is an entity) shall not have any direct or indirect interest (through a member of any immediate family of the AR or its Affiliates, officers, directors, shareholders, partners, members, managers or otherwise) as a disclosed or beneficial owner, investor, partner, director, officer, employee, consultant, lessor, representative or agent or in any other capacity in any Competitive Business located or operating within the ARA The restrictions of this

Section shall not be applicable to the ownership of shares of a class of securities listed on a stock exchange or traded on the over-the-counter market that represent 5% or less of the number of shares of that class of securities issued and outstanding The AR (and its Affiliates, shareholders, officers, directors, members, managers, partners and/or equivalents) expressly acknowledge that they possess skills and abilities of a general nature and have other opportunities for exploiting such skills Consequently, enforcement of the covenants made in this Section will not deprive them of their personal goodwill or ability to earn a living

17 6 No Further Right to Payment Upon termination or expiration of this Agreement, the AR forfeits all fees paid to the Franchisor and remains liable to the Franchisor for all amounts due to the Franchisor on the date of termination or expiration The AR shall have no further right to receive payment of commissions on Royalty Fees, except as set forth below, or on initial franchise fees from the Franchisor, except for those commissions on Royalty Fees or on initial franchise fees which have been fully earned by the AR up through the date of such termination or expiration For purposes of this Agreement, "fully earned" commissions shall mean commissions due on franchise sales for which all conditions described in Section 6 1 of this Agreement have been met or fulfilled by the AR for the purchase of a franchise for a TILTED KILT Restaurant to be located within the ARA "Fully earned" commissions on initial franchise fees and commissions on Royalty Fees shall mean those commissions which accrue up through the date of termination which are otherwise owed to the AR The Franchisor shall have the right to immediately assume control of and manage all franchise sales in the ARA and to receive all commissions on initial franchise fees and commissions on Royalty Fees from Franchisees in the ARA Any fully earned commissions which are due to the AR will be paid by the Franchisor in accordance with the provisions of Article 6 of this Agreement As of the effective date of termination of the AR Agreement, the AR shall continue to receive one-half (16 5% instead of 33%) of the commissions on Royalty Fees that the AR was receiving as an AR for a period of time which is the lesser of 3 years after the effective date of termination of the AR Agreement and the date that the term of the AR Agreement would have otherwise expired, but for such early termination The right to receive payment of the reduced commissions on Royalty Fees is conditioned upon compliance by the AR with the post termination obligations set forth in Section 17 3 above and compliance with all other obligations of the AR under this Agreement which expressly or by their nature survive termination The right of the AR to receive reduced commissions on Royalty Fees only applies to those Royalty Fees paid to and received by the Franchisor pursuant to Franchise Agreements for Restaurants operated by Franchisees in the ARA as of the effective date of termination of this Agreement No reduced commissions on Royalty Fees shall be paid to AR at any time after the effective date of termination of this Agreement in connection with Restaurants under development and not yet open and operating in the ARA as of the effective date of termination or for Restaurants to be developed in the ARA after the effective date of termination of this Agreement The obligation of the Franchisor to pay reduced commissions on Royalty Fees received pursuant to Franchise Agreements for Restaurants operating in the ARA as of the effective date of termination of this Agreement and otherwise in accordance with the terms and conditions described above in this Section 17 6, shall cease upon the transfer, termination or non-renewal of such Franchise Agreements

17 7 Continuing Obligations All obligations of the Franchisor and the AR which expressly or by their nature survive the expiration or termination of this Agreement shall continue in full force and effect subsequent to and notwithstanding its expiration or termination and until they are satisfied or by their nature expire

17 8 State and Federal Law THE PARTIES ACKNOWLEDGE THAT IN THE EVENT THAT THE TERMS OF THIS AGREEMENT REGARDING TERMINATION OR EXPIRATION ARE INCONSISTENT WITH APPLICABLE STATE OR FEDERAL LAW, SUCH LAW SHALL GOVERN THE AR'S RIGHTS REGARDING TERMINATION OR EXPIRATION OF THIS AGREEMENT

18 RELATIONSHIP OF THE PARTIES

18 1 Relationship of the Parties It is understood and agreed by the parties hereto that this Agreement does not create a fiduciary relationship between them, that the parties are independent contractors and that the Franchisor appoints the AR as its special agent for a particular purpose and that nothing in this Agreement is intended to make either party a general agent, subsidiary, joint venture partner, employee or servant of the other for any purpose The AR shall conspicuously identify itself in all dealings with Franchisees, prospective franchisees, lessors, contractors, suppliers, public officials and others as the owner of its own Business under an Area Representative Agreement with the Franchisor, and shall place such other notices of independent ownership on signs, forms, stationery, advertising and other materials as the Franchisor may require from time to time

18 2 Payment of Third Party Obligations Neither the Franchisor nor the AR shall make any express or implied agreements, guaranties or representations, or incur any debt, in the name of or on behalf of the other or represent that their relationship is other than franchisor and special agent, and neither the Franchisor nor the AR shall be obligated by or have any liability under any agreements or representations made by the other that are not expressly authorized hereunder or under a separate written agreement with the Franchisor, nor shall the Franchisor be obligated for any damages to any person or property directly or indirectly arising out of the operation of the AR's Business, whether or not caused by the AR's negligent or willful action or failure to act

18 3 Independent Contractors The AR may delegate its duties hereunder to independent contractors provided that the AR receives written approval from the Franchisor prior to any such delegation of duties and complies with all state laws which require broker registration for such persons The Franchisor reserves the right to withdraw the approval of any independent contractor engaged by the AR to fulfill its duties and obligations under this Agreement, at any time

18 4 Indemnification The AR agrees to indemnify and hold the Franchisor and its subsidiaries, Affiliates, stockholders, directors, officers, employees, agents and assignees harmless against, and to reimburse them for, any loss, liability, taxes or damages (actual or consequential) and all reasonable costs and expenses of defending any claim brought against any of them or any action in which any of them is named as a party (including, without limitation, reasonable accountants', attorneys' and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses) which any of them may suffer, sustain or incur by reason of, arising from or in connection with any acts, omissions or activities of the AR or any employee of or independent contractor engaged by the AR, whether such acts, omissions or activities are authorized by or are not in accordance with this Agreement The Franchisor shall have the right to defend any such claim against it This indemnity shall continue in full force and effect, subsequent to and notwithstanding the expiration or termination of this Agreement

19 ARBITRATION

19 1 Arbitration The Franchisor and the AR agree that all controversies, disputes, or claims between the Franchisor and its affiliates (and their respective shareholders, members, officers, directors, agents, and/or employees), on the one hand, and the AR (and /or its owners, guarantors, affiliates, and/or employees), on the other hand, arising out of or related to

a this Agreement or any other agreement between the Franchisor (or its Affiliates) and the AR (or its Affiliates),

b the Franchisor's relationship with the AR, c the scope or validity of this Agreement or any other agreement between the AR (or its Affiliates) and the Franchisor (or its Affiliates) or any provision of any of such agreements (including the validity and scope of the arbitration obligation under this Section 19 1, which the Franchisor and the AR acknowledge is to be determined by an arbitrator, not a court), or

d any Licensed Method,

must be submitted for binding arbitration, on demand of either party, to the American Arbitration Association ("**AAA**") The arbitration proceedings will be conducted by one arbitrator and, except as this Section 19 1 otherwise provides, according to the then-current Commercial Arbitration Rules of the AAA All proceedings will be conducted at a suitable location chosen by the arbitrator in or within a 50-mile radius of the Franchisor's then-current principal place of business (currently, Tempe, Arizona) All matters relating to arbitration will be governed by the United States Federal Arbitration Act (9 U S C §§ 1 et seq) Judgment upon the arbitrator's award may be entered in any court of competent jurisdiction

The arbitrator has the right to award or include in his or her award any relief which he or she deems proper, including, without limitation, money damages (with interest on unpaid amounts from the date due), specific performance, injunctive relief, and attorneys' fees and costs, provided that the arbitrator may not declare any of the trademarks owned by the Franchisor or the Franchisor's affiliates generic or otherwise invalid or, except as expressly provided in Section 20 8, award any punitive, exemplary, or multiple damages against any party to the arbitration proceeding (the Franchisor and the AR hereby waiving to the fullest extent permitted by law, except as expressly provided in Section 20 8, any right to or claim for any punitive, exemplary or multiple damages against the other)

The Franchisor and the AR agree to be bound by the provisions of any applicable contractual or statutory limitations provision, whichever expires earlier The Franchisor and the AR further agree that, in any arbitration proceeding, each party must submit or file any claim which would constitute a compulsory counterclaim (as defined by Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding Any claim which is not submitted or filed as required will be forever barred The arbitrator may not consider any settlement discussions or offers that might have been made by either the AR or the Franchisor

The Franchisor and the AR agree that arbitration will be conducted on an individual basis and that an arbitration proceeding between the Franchisor and its Affiliates, and/or their respective shareholders, officers, directors, agents, and employees, on the one hand, and the AR (or its owners, guarantors, Affiliates, and employees) may not be (i) conducted on a class-wide basis, (ii) commenced, conducted or consolidated with any other arbitration proceeding, or (iii) brought on the AR's (or its owners', guarantors', Affiliates', and employees') behalf by any association or agent Notwithstanding the foregoing or anything to the contrary in this Section 19 1 or Section 20 1, if any court or arbitrator determines that all or any part of the preceding sentence is unenforceable with respect to a dispute, controversy or claim that otherwise would be subject to arbitration under this Section, then all parties agree that this arbitration clause shall not apply to that dispute, controversy or claim and that such dispute, controversy or claim shall be resolved in a judicial proceeding in accordance with the dispute resolution provisions of this Agreement

Despite the Franchisor and the AR's agreement to arbitrate, the Franchisor and the AR each have the right in a proper case to seek temporary restraining orders and temporary or preliminary injunctive relief from a court of competent jurisdiction, provided, however, that the Franchisor and the AR must contemporaneously submit their dispute for arbitration on the merits as provided in this Section 19 1

The AR and the Franchisor agree that, in any arbitration arising as described in this Section, requests for documents shall be limited to documents that are directly relevant to significant issues in the case or to the case's outcome, shall be restricted in terms of time frame, subject matter and persons or entities to which the requests pertain, and shall not include broad phraseology such as "all documents directly or indirectly related to" The AR and the Franchisor further agree that no interrogatories or requests to admit shall be propounded With respect to any electronic discovery, the AR and the Franchisor agree that

a production of electronic documents need only be from sources used in the ordinary course of business No such documents shall be required to be produced from back-up servers, tapes or other media,

b production of electronic documents shall normally be made on the basis of generally available technology in a searchable format which is usable by the party receiving the documents and convenient and economical for the producing party Absent a showing of compelling need, the parties need not produce metadata, with the exception of header fields for email correspondence,

c the description of custodians from whom electronic documents may be collected shall be narrowly tailored to include only those individuals whose electronic documents may reasonably be expected to contain evidence that is material to the dispute, and

d. where the costs and burdens of electronic discovery are disproportionate to the nature of the dispute or to the amount in controversy, or to the relevance of the materials requested, the arbitrator shall either deny such requests or order disclosure on condition that the requesting party advance the reasonable cost of production to the other side, subject to allocation of costs in the final award as provided herein

In any arbitration arising out of or related to this Agreement, each side may take no more than three depositions Each side's depositions are to consume no more than a total of 15 hours, and each deposition shall be limited to 5 hours There are to be no speaking objections at the depositions, except to preserve privilege

The provisions of this Section 19 1 are intended to benefit and bind certain third party non-signatories and will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement

Any provisions of this Agreement below that pertain to judicial provisions shall be subject to the agreement to arbitration contained in this Section 19 1

19 2 Governing Law/Consent to Jurisdiction Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U S C Sections 1051 et seq), the Federal Arbitration Act, or other federal law, this Agreement shall be interpreted under the laws of the state of Arizona and any dispute between the parties shall be governed by and determined in accordance with the substantive laws of the state of Arizona, which laws shall prevail in the event of any conflict of law, provided that any law regulating the sale of franchises or governing the relationship of a franchisor and its franchisee will not apply unless its jurisdictional requirements are met independently without reference to this paragraph SUBJECT TO SECTION 19 1, THE FRANCHISOR AND THE AR (AND EACH OWNER) AGREE THAT ALL ACTIONS ARISING UNDER THIS AGREEMENT OR OTHERWISE AS A RESULT OF THE RELATIONSHIP BETWEEN THE FRANCHISOR AND THE AR MUST BE COMMENCED EXCLUSIVELY IN STATE OR FEDERAL COURT CLOSEST TO WHERE FRANCHISOR'S

PRINCIPAL OFFICE THEN IS LOCATED (CURRENTLY LOCATED IN TEMPE, ARIZONA), AND THE FRANCHISOR AND THE AR (AND EACH OWNER) IRREVOCABLY CONSENT TO THE JURISDICTION OF THOSE COURTS AND WAIVE ANY OBJECTION TO EITHER THE JURISDICTION OF OR FORUM IN THOSE COURTS

19 3 Injunctive Relief The Franchisor and the AR will each have the right in a proper case to obtain injunctive relief (subject to the parties' obligation to arbitrate the underlying claim under Section 19 1) in addition to such further or other relief as may be available at law or in equity The AR agrees that the Franchisor may obtain such injunctive relief, without posting a bond The AR further agrees that the AR's only remedy if an injunction is entered against the AR will be the dissolution of that injunction, if warranted, upon due hearing (all claims for damages by injunction being expressly waived hereby)

20 MISCELLANEOUS PROVISIONS

20 1 Invalidity

a If any provision of this Agreement is held invalid by any tribunal in a final decision from which no appeal is or can be taken, such provision shall be deemed modified to eliminate the invalid element and, as so modified, such provision shall be deemed a part of this Agreement as though originally included The remaining provisions of this Agreement shall not be affected by such modification

b If any covenant which restricts competitive activity is deemed unenforceable by virtue of its scope in terms of area, business activity prohibited, and/or length of time, but would be enforceable if modified, the Franchisor and the AR agree that the covenant will be enforced to the fullest extent permissible under the laws and public policies applied in the jurisdiction whose law determines the covenant's validity

c If any applicable and binding law or rule of any jurisdiction requires more notice than this Agreement requires of termination of this Agreement or of the Franchisor's refusal to enter into a successor franchise agreement, or some other action that this Agreement does not require, or if under any applicable and binding law or rule of any jurisdiction, any provision of this Agreement is invalid, unenforceable, or unlawful, the notice and/or other action required by the law or rule will be substituted for the comparable provisions of this Agreement, and the Franchisor may modify the invalid or unenforceable provision to the extent required to be valid and enforceable or delete the unlawful provision in its entirety The AR agrees to be bound by any promise or covenant imposing the maximum duty the law permits which is subsumed within any provision of this Agreement, as though it were separately articulated in and made a part of this Agreement

20 2 Modification The Franchisor and/or the AR may modify this Agreement only upon execution of a written agreement between the two parties The AR acknowledges that the Franchisor may modify its standards and specifications and operating and marketing techniques set forth in the AR Manuals unilaterally under any conditions and to the extent to which the Franchisor, in its sole discretion, deems appropriate to protect, promote, or improve the Marks and the quality of the Licensed Methods, but under no circumstances will such modifications be made arbitrarily without such determination. The Franchisor's periodic modification of the Licensed Methods, which may accommodate regional or local variations, may obligate the AR to invest additional capital in the AR Business and incur higher operating costs

20.3 Costs and Attorneys' Fees If either party initiates a judicial or other proceeding, the prevailing party in such proceeding shall be entitled to reimbursement of its costs and expenses, including reasonable attorneys' fees

20 4 No Waiver No waiver of any condition or covenant contained in this Agreement or failure to exercise a right or remedy by the Franchisor shall be considered to imply or constitute a further waiver by the Franchisor of the same or any other condition, covenant, right, or remedy

20 5 No Right to Set Off The AR shall not be allowed to set off amounts owed to the Franchisor for fees or other amounts due hereunder, against any monies owed to the AR, nor will the AR in any event withhold any amounts due to any alleged nonperformance by the Franchisor hereunder, which right of set off is hereby expressly waived by the AR

20 6 Class Action Bar **THE PARTIES AGREE THAT CLAIMS OF ANY OTHER PARTY OR PARTIES SHALL NOT BE JOINED WITH ANY CLAIMS ASSERTED IN ANY ACTION OR PROCEEDING BETWEEN THE FRANCHISOR AND THE AR. NO CLAIMS MAY BE BROUGHT ON THE AR'S OR ITS OWNERS' BEHALF BY ANY ASSOCIATION OR AGENT**

20 7 Limitation of Claims **EXCEPT FOR CLAIMS ARISING FROM THE AR'S NON-PAYMENT OR UNDERPAYMENT OF AMOUNTS THE AR OWES THE FRANCHISOR OR ITS AFFILIATE, ANY AND ALL CLAIMS ARISING OUT OF OR RELATING TO THIS AGREEMENT OR FRANCHISOR'S RELATIONSHIP WITH THE AR WILL BE BARRED UNLESS A JUDICIAL OR ARBITRATION PROCEEDING IS COMMENCED WITHIN ONE YEAR FROM THE DATE ON WHICH THE PARTY ASSERTING THE CLAIM KNEW OR SHOULD HAVE KNOWN OF THE FACTS GIVING RISE TO THE CLAIMS**

20 8 Waiver of Punitive Damages and Jury Trial **EXCEPT FOR THE AR'S OBLIGATION TO INDEMNIFY THE FRANCHISOR FOR THIRD PARTY CLAIMS UNDER SECTION 18 4, AND EXCEPT FOR PUNITIVE, EXEMPLARY OR MULTIPLE DAMAGES AVAILABLE TO EITHER PARTY UNDER UNITED STATES FEDERAL LAW, THE FRANCHISOR AND THE AR (AND ITS OWNERS) WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO OR CLAIM FOR ANY PUNITIVE, EXEMPLARY OR MULTIPLE DAMAGES AGAINST THE OTHER AND AGREE THAT, IN THE EVENT OF A DISPUTE BETWEEN THE FRANCHISOR AND THE AR, THE PARTY MAKING A CLAIM WILL BE LIMITED TO EQUITABLE RELIEF AND TO RECOVERY OF ANY ACTUAL DAMAGES IT SUSTAINS**

THE FRANCHISOR AND THE AR WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER PARTY

20 9 Effectiveness Notwithstanding the Effective Date set forth in the introductory paragraph of this Agreement, this Agreement shall not be effective until executed by the Franchisor as evidenced by dating and signing by an officer of the Franchisor

20 10 Review of Agreement The AR acknowledges that it had a copy of the TILTED KILT Franchise Disclosure Document for a period of time not less than 14 calendar days during which time the AR has had the opportunity to submit the same for review and advice by a professional of the AR's choosing prior to freely executing this Agreement

20 11 <u>Entire Agreement</u> This Agreement (which includes the attachments and Exhibits expressly incorporated herein), and, if applicable, one or more Franchise Agreements and Development Agreements, contains the entire agreement between the parties and supersedes any and all prior agreements concerning the subject matter hereof The AR agrees and understands that the Franchisor shall not be liable or obligated for any oral representations or commitments made prior to the execution hereof and that no modifications of this Agreement shall be effective except those in writing and signed by both parties The Franchisor does not authorize and will not be bound by any representation of any nature other than those expressed in this Agreement and in the most recent franchise disclosure document provided by the Franchisor or its representatives The AR further acknowledges and agrees that no representations have been made to it by the Franchisor regarding projected sales volumes, market potential, revenues, profits of the AR's Business, or operational assistance other than as stated in this Agreement or in the most recent disclosure document provided by the Franchisor or its representatives Nothing in this Agreement or in any related agreement, however, is intended to disclaim the representations the Franchisor made in the franchise disclosure document that the Franchisor furnished to the AR

20 12 <u>Survival of Provisions</u> All obligations of the Franchisor and the AR (and their respective owners) that expressly or by their nature extend beyond termination or expiration of this Agreement shall continue in full force and effect subsequent to and notwithstanding the termination or expiration of this Agreement and until they are satisfied in full or by their nature expire (including, without limitation, the post-termination restrictive covenant, arbitration, notice, and confidentiality provisions)

20 13 <u>Notices</u> All notices required to be given under this Agreement shall be given in writing, by certified mail, return receipt requested, by an overnight delivery service providing documentation of receipt, or by hand delivery, to the addresses set forth in the first paragraph of this Agreement, or, with respect to notices to the AR, to the address of the Area Representative Business, or at such other addresses as the Franchisor or the AR may designate from time to time, and shall be effectively given three (3) business days following deposit in the United States mail, postage prepaid, one (1) business day following deposit with an overnight delivery service, or when delivered by hand as may be applicable

20 14 <u>Payment of Taxes</u> The AR shall reimburse the Franchisor, or its Affiliates and designees, promptly and when due, the amount of all sales taxes, use taxes, personal property taxes and similar taxes imposed upon, required to be collected or paid by the Franchisor, or its Affiliates or designees, on account of services or goods furnished by the Franchisor, its Affiliates or designees, to the AR through sale, lease or otherwise (except any taxes the Franchisor or its Affiliates are required by law to collect from the AR with respect to products purchased from the Franchisor and its Affiliates), or on account of collection by the Franchisor of the Initial Area Representative Fee, or any other payment made by the AR to the Franchisor required under the terms of this Agreement

20 15 <u>Cumulative Rights</u> The rights and remedies of the Franchisor and the AR hereunder are cumulative and no exercise or enforcement by the Franchisor or the AR of any right or remedy hereunder shall preclude the exercise or enforcement by the Franchisor or the AR of any other right or remedy which the Franchisor or the AR is entitled by law to enforce

20 16 <u>Counterparts</u> This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same Agreement This Agreement and all other documents related to this Agreement may be executed by manual or electronic signature Either party may rely on the receipt of a document executed or delivered electronically, as if an original had been received.

20 17 Acknowledgments BEFORE SIGNING THIS AGREEMENT, THE AR SHOULD REAR IT CAREFULLY WITH THE ASSISTANCE OF LEGAL COUNSEL THE AR ACKNOWLEDGES AND AGREES THAT

(A) THE SUCCESS OF THE BUSINESS VENTURE CONTEMPLATED HEREIN INVOLVES SUBSTANTIAL RISKS AND DEPENDS UPON THE AR'S ABILITY AS AN INDEPENDENT BUSINESS PERSON AND ITS ACTIVE PARTICIPATION IN THE DAILY AFFAIRS OF THE BUSINESS, AND

(B) NO ASSURANCE OR WARRANTY, EXPRESS OR IMPLIED, HAS BEEN GIVEN AS TO THE POTENTIAL SUCCESS OF SUCH BUSINESS VENTURE OR THE EARNINGS LIKELY TO BE ACHIEVED EXCEPT AS MAY BE STATED IN THIS AGREEMENT OR IN THE MOST RECENT FRANCHISE DISCLOSURE DOCUMENT PROVIDED TO THE AR BY THE FRANCHISOR, AND

(C) NO STATEMENT, REPRESENTATION OR OTHER ACT, EVENT OR COMMUNICATION, EXCEPT AS SET FORTH IN THIS AGREEMENT, AND IN THE MOST RECENT FRANCHISE DISCLOSURE DOCUMENT SUPPLIED TO THE AR IS BINDING ON THE FRANCHISOR IN CONNECTION WITH THE SUBJECT MATTER OF THIS AGREEMENT

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above set forth

TILTED KILT FRANCHISE OPERATING, LLC

By ______________________________

Title ______________________________

Date ______________________________

AREA REPRESENTATIVE

____

Individually

Date ______________________________

OR

(if a corporation, partnership or LLC)

____

Company Name

By ______________________________

Title ______________________________

Date ______________________________

EXHIBIT A

TO THE AREA REPRESENTATIVE AGREEMENT BETWEEN

TILTED KILT FRANCHISE OPERATING, LLC

AND ______________________________

DATED ______________________

1 ARA The ARA referred to in Section 2 1 of the Agreement shall be the following geographic area ______________________________________

2 **Initial Area Representative Fee** The Initial Area Representative Fee payable to the Franchisor by the AR under Section 5 1 of the above-captioned Agreement shall be $_______________ Unless otherwise agreed, the Initial Area Representative Fee is payable in cash, certified funds or by wire transfer

3 **Existing Business** The Existing Business referenced under Section 12 1 of the Agreement shall be ___________________________________

4 **Initial Advertising and Marketing Campaign** The Initial Advertising and Marketing Campaign expenditure referenced in Section 9 8 shall be $_______________

5 **Advertising Expenditure** The ARA population count referenced in Sections 13 10 and 13 12 shall be ____

6 **Sales, Development and Restaurant Opening Goals** The AR shall meet the following cumulative Sales, Development and Restaurant Opening Goals by the last day of each ____-month period ("**Sales, Development and Restaurant Opening Period**") during the term of the Agreement

Restaurant Sales, Development and Opening Schedule

Sales, Development and Restaurant Opening Period	Cumulative Minimum Number of TILTED KILT Restaurants Open for Business and Operating in the ARA	Last Day of Sales, Development and Restaurant Opening Period
First	____________	____________
Second	____________	____________
Third	____________	____________
Fourth	____________	____________
Fifth	____________	____________
Sixth	____________	____________
Seventh	____________	____________
Eighth	____________	____________
Ninth	____________	____________
Tenth	____________	____________
Eleventh	____________	____________
Twelfth	____________	____________
TOTAL SALES, DEVELOPMENT AND RESTAURANT OPENING GOALS	____________	

The first Sales, Development and Restaurant Opening Period commences on the date of the Agreement and expires on the date shown above Each subsequent Sales, Development and Restaurant Opening Period commences on the date succeeding the last day of the preceding Sales, Development and Restaurant Opening Period and expires on the respective date shown above The sales made during the term of the Agreement are cumulative Therefore, if the AR meets its Total Sales, Development and Restaurant Opening Goals prior to the end of the final Sales, Development and Restaurant Opening Period, the AR's Sales, Development and Restaurant Opening Goals will be satisfied, provided that the AR must maintain the Total Sales, Development and Restaurant Opening Goals number of Restaurants in operation throughout the remainder of the term of the Agreement

TILTED KILT Restaurants located in the ARA for which a Franchise Agreement has been signed prior to the date of this Agreement and Restaurants owned by the Franchisor or its Affiliates do not count toward fulfillment of the AR's cumulative Sales, Development and Restaurant Opening Goals

[Signature Page Follows]

TILTED KILT FRANCHISE OPERATING, LLC

By ______________________________

Title ______________________________

Date ______________________________

AREA REPRESENTATIVE

____

____

Individually

Date ______________________________

OR

(if a corporation, partnership or LLC)

____

Company Name

By ______________________________

Title ______________________________

Date. ______________________________

EXHIBIT B

TO THE AREA REPRESENTATIVE AGREEMENT BETWEEN

TILTED KILT FRANCHISE OPERATING, LLC

AND ______________________________

DATED ______________________

Attached are copies of the TILTED KILT Franchise Agreement and exhibits

TILTED KILT FRANCHISE OPERATING, LLC

2017 FRANCHISE AGREEMENT

BETWEEN
TILTED KILT FRANCHISE OPERATING, LLC
AND

____

Franchisee Name ______________________________

Address ______________________________________

City/State ____________________________________

TABLE OF CONTENTS

TABLE OF CONTENTS
(continued)

TABLE OF CONTENTS
(contınued)

TABLE OF CONTENTS
(contınued)

Page

EXHIBITS

TILTED KILT FRANCHISE OPERATING, LLC

FRANCHISE AGREEMENT

THIS AGREEMENT (the "**Agreement**") is made this ____ day of ________, 20___ (the "**Effective Date**"), by and between **TILTED KILT FRANCHISE OPERATING, LLC**, a Wyoming limited liability company, located at 8915 S Harl Avenue, Tempe, Arizona 85284 (the "**Franchisor**") and ________________________________ with its principal business address at ________________________________ (the "**Franchisee**"), who, on the basis of the following understandings and agreements, agree as follows

1 PURPOSE

1 1 The Franchisor has developed methods for establishing, operating and promoting sports and entertainment bars and restaurants that offer dinner entrees, traditional pub food, hamburgers, and salads, accompanied by full bar service, in a Celtic-themed atmosphere with numerous large-screen televisions featuring sports programming ("**TILTED KILT Restaurant**" or "**Restaurants**") TILTED KILT Restaurants use the service mark "**TILTED KILT**" and related logos, service marks, trade names, trademarks and commercial symbols ("**Marks**") and operate under the Franchisor's distinctive entertainment and business format, systems methods, procedures, designs, layouts and specifications ("**Licensed Methods**")

1 2 The Franchisor grants the right to others to develop and operate TILTED KILT Restaurants, in association with the Marks and pursuant to the Licensed Methods

1 3 The Franchisee desires to establish a TILTED KILT Restaurant at a location identified herein or to be later identified, and the Franchisor desires to grant the Franchisee the right to operate a TILTED KILT Restaurant at such location under the terms and conditions which are contained in this Agreement

2 GRANT OF FRANCHISE

2 1 __Grant of Franchise__ The Franchisor grants to the Franchisee, and the Franchisee accepts from the Franchisor, a franchise to establish and operate a TILTED KILT Restaurant using the Marks and Licensed Methods at the location described in __Article 3__ of this Agreement The Franchisee agrees to use the Marks and Licensed Methods, as they may be changed, improved, and further developed by the Franchisor from time to time, only in accordance with the terms and conditions of this Agreement

2 2 __Scope of Franchise Operations__ The Franchisee shall at all times comply with the Franchisee's obligations hereunder and shall continuously use best efforts to promote and operate the TILTED KILT Restaurant The Franchisee shall utilize the Marks and Licensed Methods to operate all aspects of the business franchised hereunder in accordance with the methods and systems developed and prescribed from time to time by the Franchisor, all of which are a part of the Licensed Methods The Franchisee's TILTED KILT Restaurant shall offer all menu items and other products and services as the Franchisor shall designate and shall be restricted, unless otherwise approved in writing by the Franchisor, from offering or selling any menu items and other products and services not previously approved by the Franchisor and from producing or distributing menu items, products and services for non-retail or off-site sale

3 FRANCHISED LOCATION AND TERRITORIAL RIGHTS

3 1 **Franchised Location** The Franchisee is granted the right to own and operate a TILTED KILT Restaurant at the address and location which shall be set forth in Exhibit A, attached hereto ("**Franchised Location**") If, at the time of execution of this Agreement, the Franchised Location cannot be designated as a specific address because a location has not been selected and accepted, then the Franchisee shall take steps to choose and acquire a location for its TILTED KILT Restaurant within the '**Designated Area**," set forth in Exhibit A In such circumstances, once the Franchisee (or the Franchisee's Principal Owner if the Franchisee is an entity) and the Franchisee's General Manager (as defined in Section 10 1 c) has completed S T E P Training (defined in Section 6 1) to the Franchisor's satisfaction, the Franchisee shall select and propose to the Franchisor for the Franchisor's prior acceptance a specific location for the Franchised Location which, once accepted by the Franchisor, shall then be described in Exhibit A The Franchisee acknowledges and agrees that nothing contained herein grants Franchisee any rights to the Designated Area The Franchisee further acknowledges and agrees that Franchisee does not have any exclusive rights to the Designated Area and that other franchisees may also be looking for a TILTED KILT Restaurant location within the same Designated Area During the term of this Agreement, the Franchised Location shall be used exclusively to operate a TILTED KILT Restaurant

3 2 **Assigned Territory** Subject to the Franchisor's reservation of rights described in Section 3 4 below, the Franchisor shall not establish and operate, or franchise another person or entity to establish and operate, a TILTED KILT Restaurant within either (a) the geographic area located within a circle, the center of which is the main entrance of the Restaurant and the radius of which is one-half (½) mile from the center or (b) such other area specifically defined as the assigned territory in Exhibit A attached hereto (such geographic area, the "**Assigned Territory**") If, as of the Effective Date, the Franchised Location has not been accepted by the Franchisor, then the Franchisor will determine the Assigned Territory in connection with its acceptance of the Franchised Location, and the parties will execute Exhibit A to reflect the Assigned Territory determined by the Franchisor

3 3 **Limitation on Franchise Rights** The rights that are granted to the Franchisee are for the specific Franchised Location and cannot be transferred to an alternative Franchised Location, or any other location, without the prior written approval of the Franchisor The Franchisee shall not operate another restaurant or business at the Franchised Location, offer menu items or other products or services which are part of the Licensed Methods at any site other than the Franchised Location unless otherwise approved in writing by the Franchisor, fill wholesale orders, sell products or services by mail order or through catalogs or the Internet, transship or reship products, or offer any other type of off-site service or sale of products using the Marks and Licensed Methods The Franchisee shall not offer catering or delivery services without the Franchisor's prior written approval, which approval can be withheld or withdrawn for any reason, in the Franchisor's sole discretion, and, if approved, in accordance with the Franchisor's standards and specifications for offering such services

3 4 **Franchisor's Reservation of Rights** The Franchisee acknowledges that its franchise rights granted hereunder are non-exclusive and that the Franchisor, for itself and its affiliates and successors, retains the rights, among others (1) to use, and to license others to use, the Marks and Licensed Methods in connection with the operation of a TILTED KILT Restaurant, at any location other than within the Franchisee's Assigned Territory, (2) to use the Marks and any other marks to identify promotional and marketing efforts or related items, and to identify products and services distributed or otherwise made available through alternative channels of distribution (other than through TILTED KILT Restaurants), at any location, including, but not limited to, wholesale distribution, catering, temporary events, Internet distribution, by mail order, catalog, telemarketing or other direct marketing sales, or retail store display, (3) to use and license the use of other marks (other than the Marks) in connection with the

sale of products and services the same as, or similar to, those which the Franchisee will sell, or in connection with the operation of restaurants the same as, or similar to, or different from the TILTED KILT Restaurant, at any location and on any terms and conditions as the Franchisor determines, (4) to offer and sell any food and beverage services and products under the Marks at or through any permanent, temporary, or seasonal non-traditional food service facility, such as a stadium, sports and entertainment venue, convention center, casinos, entertainment or amusement park, or airport, or at special indoor or outdoor events in the Assigned Territory, and (5) to engage in any activity not specifically prohibited by this Agreement

4 INITIAL FRANCHISE FEE

4 1 __Initial Franchise Fee__ The Franchisee shall pay to the Franchisor an initial franchise fee ("**Initial Franchise Fee**") in an amount set forth in Exhibit A, due and payable in a lump sum on the date of execution of this Agreement The Franchisee acknowledges that the Franchisor has earned the Initial Franchise Fee upon receipt thereof and that the Initial Franchise Fee is not refundable to the Franchisee after it is paid

5 DEVELOPMENT OF FRANCHISED LOCATION

5 1 __Acceptance of Franchised Location__ The Franchisee shall submit to the Franchisor such reasonable due diligence information about the Franchisee's proposed Franchised Location as the Franchisee deems relevant and/or as the Franchisor shall request, which may include, but is not limited to, a site selection form prescribed by Franchisor, a copy of the site plan, business plans, demographic studies, statistics, and information regarding the surrounding area. If the Franchisee does not have a Franchised Location on the Effective Date, then once the Franchisee (or the Franchisee's Principal Owner if the Franchisee is an entity) and the Franchisee's General Manager (as defined in Section 10 1 c) completes S T E P Training (defined in Section 6 1) to the Franchisor's satisfaction, but no later than 90 days after the Effective Date, the Franchisee shall submit to the Franchisor for the Franchisor's acceptance at least one (1) proposed Franchised Location However, no later than 180 days from the Effective Date, the Franchisee shall have acquired real estate or a leased or subleased commercial real estate that is acceptable to Franchisor as well as being properly zoned for use as restaurant compatible with use as a TILTED KILT Restaurant The Franchisee understands and acknowledges that finding a Franchised Location is the Franchisee's sole responsibility and that acceptance by the Franchisor of a Franchised Location in no way constitutes a guarantee or representation of any kind, express or implied, as to the fitness and quality of the Franchised Location for a TILTED KILT Restaurant or as to the success or profitability of the TILTED KILT Restaurant

5 2 __Acceptance of Franchised Location Acquisition or Lease__ The Franchisee is solely responsible for negotiating the terms of the purchase agreement or the lease for the Franchised Location and ascertaining whether such location, lease and purchase agreement are acceptable to the Franchisee However, the Franchisee shall obtain the Franchisor's prior written acceptance before executing any lease or purchase agreement for the Franchised Location The Franchisee shall execute a lease that has been accepted by the Franchisor no later than 180 days from the Effective Date The lease for the Franchised Location shall contain certain provisions that the Franchisor requires, including without limitation collateral assignment of the lease, pursuant to the form of lease addendum attached as Exhibit B hereto Once the Franchisee has executed a lease establishing the square footage of the TILTED KILT Restaurant, the Franchisee shall not increase or decrease the square footage dedicated to the Restaurant without the Franchisor's prior written approval, which may be withheld in the Franchisor's sole discretion The Franchisee acknowledges that acceptance of a lease or purchase agreement for the Franchised Location by the Franchisor does not constitute a recommendation, endorsement or guarantee by the Franchisor of the suitability or profitability of the location, the lease or purchase agreement

Acceptance by the Franchisor of the terms of the purchase agreement or lease shall simply mean that the terms contained in the purchase agreement or lease as they relate to the Franchisor's rights are not unacceptable to Franchisor Under no circumstances shall the acceptance by the Franchisor of the terms of the purchase agreement or lease be construed by the Franchisee to mean that the terms of the purchase agreement or lease are favorable to the Franchisee Once the Franchisor has accepted the lease, the Franchisee will have the option of proceeding with or passing on the location, provided that the Franchisee must commence operation of the Restaurant in accordance with Section 5 8 The Franchisee acknowledges that it has been advised to obtain its own competent counsel to review the purchase agreement or lease before the Franchisee signs any purchase agreement or lease

5 3 **Construction, Conversion and Design** The Franchisee acknowledges that the improvements, layout, fixtures, equipment, equipment layout, trade dress, design, decoration and color scheme of a TILTED KILT Restaurant are an integral part of the Franchisor's proprietary Licensed Methods and accordingly, the Franchisee shall construct, convert, improve, design and decorate the Franchised Location in accordance with the Franchisor's plans and specifications and with the assistance of contractors, architects and suppliers designated by or otherwise approved by the Franchisor The Franchisee shall obtain the Franchisor's written consent to any conversion, improvements, design or decoration of the premises before construction, remodeling or decorating begins, recognizing that all related costs are the Franchisee's sole responsibility Following the completion of the initial improvements to the Franchised Location, the Franchisee must obtain the Franchisor's written consent before making any improvements or alterations to the Franchised Location which are not in accordance with plans and specifications previously approved in writing by the Franchisor

5 4 **Signs** The Franchisee shall purchase or otherwise obtain for use at the Franchised Location and in connection with the TILTED KILT Restaurant the maximum number and size signs allowed by applicable building codes, which signs shall comply with the standards and specifications of the Franchisor as set forth in the Manuals, as that term is defined in Section 8 1 It is the Franchisee's sole responsibility to ensure that any signs comply with applicable local ordinances, mall regulations, building codes and zoning regulations Any modifications to the Franchisor's standards and specifications for signs which must be made due to local ordinances, codes or regulations shall be submitted to the Franchisor for prior written approval The Franchisee acknowledges the Marks, or any other name, symbol or identifying marks on any signs shall only be used in accordance with the Franchisor's standards and specifications and only with the prior written approval of the Franchisor

5 5 **Equipment and Inventory** The Franchisee shall purchase or otherwise obtain for use or sale at the Franchised Location and in connection with the TILTED KILT Restaurant, restaurant equipment, inventory, office equipment, costumes or other employee attire, supplies, services and certain décor items of a type and in an amount which complies with the standards and specifications of the Franchisor The Franchisee acknowledges that the type, quality, configuration, capability and/or performance of the restaurant equipment, inventory, office equipment, costumes or other employee attire, supplies, services and certain decor items used or offered through the TILTED KILT Restaurant are all standards and specifications which are a part of the Licensed Methods and therefore such restaurant equipment, inventory, office equipment, costumes or other employee attire, supplies, certain décor items, services and other items designated by Franchisor must be purchased, leased or otherwise obtained in accordance with the Franchisor's standards and specifications and only from the Franchisor, its affiliates or suppliers or other sources approved by the Franchisor

5 6 **Computer System** The Franchisee shall equip the Restaurant with a point-of-sale system, computer hardware, software and other designated equipment as is consistent with the standards and specifications of the Franchisor (the "**Computer System**") The Franchisee shall purchase, install and utilize in its Restaurant the Computer System which must be obtained from the supplier that Franchisor

may designate from time to time The Franchisee shall be responsible for all maintenance and upgrade costs associated with the Computer System The Franchisee, at the Franchisee's sole cost, shall obtain high speed internet access such as DSL, T1 or other broadband options that meet the Franchisor's specifications and join an electronic network connection service and maintain communication lines for the connection services and for other communication lines as required by the Franchisor such as dedicated fax lines, internet connections and telephone lines The Franchisee acknowledges and agrees that the Computer System will give the Franchisor, its affiliates, and vendors designated by the Franchisor independent, unlimited access to all information generated by the Computer System The Franchisor has developed its own proprietary database for use in the TILTED KILT Restaurant The Franchisee agrees to use all propriety information, including the proprietary database, in accordance with the Franchisor's then-current guidelines The Franchisor reserves the right to (i) require on 30 days' notice that the Franchisee purchase, install and implement new Computer System components and/or Computer Systems updates and revisions for use in the operation of the TILTED KILT Restaurant, (ii) charge the Franchisee a licensing fee for such software or other technology fee for use of its proprietary software or other technology, and (iii) derive revenue from Computer System or other technology maintenance and upgrade fees in relation to the Franchisor's proprietary software or other technology for use in the TILTED KILT Restaurant

5 7 **<u>Permits and Licenses</u>** The Franchisee agrees to obtain all such permits and licenses, including without limitation, liquor licenses, as may be required for the lawful construction and operation of the TILTED KILT Restaurant, together with all certifications from government authorities having jurisdiction over the site that all requirements for construction and operation have been met, including without limitation, zoning, access, sign, health, fire and safety requirements, building and other required construction permits, licenses to do business and fictitious name registrations (to "**THE TILTED KILT PUB & EATERY**"), licenses to serve liquor, sales tax permits, health and sanitation permits and ratings and fire clearances The Franchisee agrees to obtain all customary contractors' sworn statements and partial and final lien waivers for construction, remodeling, decorating and installation of equipment at the Franchised Location The Franchisee acknowledges and agrees that it shall be solely responsible for compliance with all applicable laws and regulations with respect to the construction of the Franchised Location, including, without limitation, compliance with the Americans With Disabilities Act The Franchisee shall keep copies of all health department, fire department, building department and other similar state and local agency and entity certifications, liquor licenses, other licenses, and reports of inspections on file and available for review by the Franchisor Copies of all subsequent inspection reports, warnings, certificates and ratings issued by any governmental entity during the term of this Agreement in connection with the conduct of the TILTED KILT Restaurant which indicates the Franchisee's failure to meet or maintain the highest governmental standards, or less than full compliance by the Franchisee with any applicable law, rule or regulation, shall be forwarded to the Franchisor within 5 days of the Franchisee's receipt thereof

5 8 **<u>Commencement of Operations</u>** Unless otherwise agreed to in writing by the Franchisor and the Franchisee, the Franchisee has 18 months from the Effective Date within which to (1) secure all necessary financing for the Restaurant, (2) complete the training program described in <u>Section 6 1</u> of this Agreement, (3) select, purchase or lease and build-out the Franchised Location, (4) purchase or lease and have installed such furniture, equipment, fixtures, signs, point-of-sale system and computer hardware and software as meets the standards and specifications of the Franchisor, (5) purchase an opening inventory of products and supplies, (6) obtain and provide evidence of insurance as described in <u>Section 22 2</u> below, (7) conduct a Casting Call Event (described in <u>Section 10 2</u> below, (8) obtain the Franchisor's written permission to open the Restaurant, and (9) commence operation of the TILTED KILT Restaurant The Franchisee shall obtain the Franchisor's written approval prior to opening the Restaurant for business Franchisee acknowledges and agrees that, in accordance with <u>Section 19 1(aa)</u>, Franchisor may terminate this Agreement any time after the expiration of the 18-month period if

Franchisee has not commenced operation of the Restaurant Once the Franchisee has opened the Restaurant for business, the Franchisee must (i) operate the Restaurant continuously, during the hours of operation prescribed by the Franchisor, for the remainder of the term of this Agreement and (ii) not relocate the Restaurant

6 TRAINING

6 1 **Franchisee Training Program** The Franchisee (or the Principal Owner (as defined in Section 10 1 l) if the Franchisee is an entity) and the General Manager (as defined in Section 10 1 c) must attend and complete the Franchisor's then-current Spectacular Training and Education Program ("**S T E P Training**") to the Franchisor's satisfaction before the 90-day deadline to submit a proposed Franchised Location pursuant to Section 5 1, provided, however if the Franchised Location is already selected and accepted as of the Effective Date, then the Franchisor's then-current S T E P Training must be completed to the Franchisor's satisfaction within 60 days after the Effective Date S T E P Training will be held remotely via the Internet and at one of the Franchisor's designated training facilities The Franchisee (or the Principal Owner), the General Manager of the Restaurant, and two additional individuals are eligible to participate in S T E P Training without charge of tuition or a fee If the Restaurant to be operated pursuant to this Agreement is the Franchisee's or its Affiliate's (as defined in Section 10 1 l) second or subsequent TILTED KILT Restaurant, the Franchisor reserves the right to charge S T E P Training tuition for additional attendees and replacement managers at the Franchisor's then-current rate The Franchisee shall be responsible for any and all traveling expenses, living expenses and wages incurred by the Franchisee and its employees in connection with attendance at the training program Training participants will not receive compensation from the Franchisor while attending the Franchisor's training At least two individuals must complete S T E P Training to the Franchisor's satisfaction prior to the Franchisee's commencement of operation of its TILTED KILT Restaurant Additionally, at all times during the term of this Agreement, the Franchisee shall employ a General Manager and at least one other manager (which may include the Franchisee or the Principal Owner of the Franchisee), each of whom has completed S T E P Training to the Franchisor's satisfaction The Franchisee acknowledges that although the training program includes some basic instruction on liquor training and service, the Franchisee is solely responsible for complying with all applicable state and local laws and regulations related to liquor licensing and serving alcoholic beverages The Franchisee is also solely responsible for training its employees on handling liquor and serving alcoholic beverages

6 2 **Length of Training** S T E P Training shall consist of nineteen (19) days of combined classroom instruction and on-the-job training remotely via the Internet and at the Franchisor's designated training facility or another location designated by the Franchisor The Franchisee (or its Principal Owner) and the General Manager and at least one other manager of the Restaurant shall also attend any on-site training provided by the Franchisor at the Franchised Location at or around the time of commencement of Restaurant operations The Franchisor reserves the right to expand S T E P Training without prior notice

6 3 **Additional Training** From time to time, the Franchisor (or third parties designated by the Franchisor) may present seminars, conventions or continuing development programs or conduct meetings for the benefit of the Franchisee The General Manager and at least one other manager shall be required to attend any mandatory seminars, conventions, programs or meetings as may be offered by the Franchisor (or third parties designated by the Franchisor) The Franchisor shall give the Franchisee at least 30 days prior written notice of any seminar, convention or program that is deemed mandatory The General Manager must attend any annual national convention as may be held by the Franchisor The Franchisor shall also have the right to require the General Manager and designated managers and employees to attend a local or regional seminar up to two times per year The Franchisee's General Manager and the Franchisee (or its Principal Owner) or at least one other manager if the Franchisee (or its Principal Owner) cannot attend, must attend either the Franchisor's national convention or the

Franchisor's then-current S T E P Training at least once every 24 months, provided that the Franchisor reserves the right to require such individuals to attend both the convention and the training seminars The Franchisor reserves the right to charge a reasonable tuition or fee, at the Franchisor's then published rates, for certain mandatory training offered by the Franchisor, and the Franchisee shall be responsible for all traveling and living expenses that are associated with attendance at the same

7 DEVELOPMENT AND OPERATING ASSISTANCE

7 1 **Franchisor's Development Assistance** Upon the Franchisee's request, the Franchisor may also provide, to the extent as the Franchisor deems necessary and appropriate, assistance to the Franchisee with the opening of the TILTED KILT Restaurant by a representative or representatives, which the Franchisor will make available to the Franchisee at or around the commencement of operations of the Franchisee's first TILTED KILT Restaurant The number of hours will be determined solely by the Franchisor and may depend on the availability of personnel and may or may not be consecutive hours Before the opening of the Restaurant, the representative or representatives may assist (but not exert control over) the Franchisee with training the Franchisee's employees at a time scheduled by the Franchisor, unless in the Franchisor's determination, the Franchisee (or its Principal Owner) or the General Manager have had sufficient prior training or experience

7 2 **Franchisor's Operating Assistance** The Franchisor or its designated representatives may, as the Franchisor deems appropriate, in the Franchisor's sole discretion, during the Franchisee's operation of the TILTED KILT Restaurant, make available to the Franchisee the following services

a Provide the Franchisee access to advertising and promotional materials as may be developed by the Franchisor, the cost of which may be passed on to the Franchisee or charged to the Advertising Fund (defined in Section 13 3 below), at the Franchisor's option

b Subject to the Franchisor's availability, provide consultation by telephone, facsimile or electronic mail regarding the continued operation and management of a TILTED KILT Restaurant and advice regarding product quality control menu items, customer relations, employee relations, product purchase, supply and sale and similar advice

c At the frequencies to be determined by the Franchisor, provide seminars or programs on new methods, marketing techniques, equipment and products The seminars and programs may be provided in person, by telephone, by teleconference or conference call, by Internet or webinars, by postings on a website or by any other electronic media designated by the Franchisor

d At the frequencies to be determined by the Franchisor, provide updates of information and programs regarding the franchised business, the TILTED KILT concept and the Licensed Methods, including, without limitation, information regarding improvements to existing menu items, costumes, trade dress, employee attire, products and merchandise or about new menu items, costumes, trade dress, employee attire, products or merchandise that may be developed and made available to TILTED KILT franchisees as a part of the Licensed Methods

e At the Franchisor's sole discretion, and subject to its availability, the Franchisor may make its employees or designated representatives available to the Franchisee for on-site advice and assistance in connection with the ongoing operation of the Restaurant In the event that the Franchisee requests such additional assistance and the Franchisor agrees to provide the same, the Franchisor reserves the right to charge the Franchisee for all travel, lodging, living expenses, telephone charges and other identifiable expenses associated with such assistance, plus a fee based on the time spent by each employee on behalf of the Franchisee, which fee will be charged in accordance with the then-current daily or hourly rates being charged by Franchisor for assistance

8 MANUALS

8 1 **Manuals** The Franchisor shall grant the Franchisee access to one or more manuals, technical bulletins, or other written materials (collectively referred to as the "**Manuals**") covering the Licensed Methods and other suggested procedures for developing and operating a TILTED KILT Restaurant The Franchisor may provide the Manuals by any media that the Franchisor chooses in its sole discretion, whether by print, electronically, digitally or any other means The Franchisee shall comply with the Manuals as an essential aspect of its obligations under this Agreement Failure by the Franchisee to comply with the Manuals is a breach of this Agreement

8 2 **Confidentiality of Contents of the Manuals** The Franchisee shall use the Marks and Licensed Methods only as specified in the Manuals, the contents of which are proprietary and confidential The Franchisee shall protect and maintain the confidentiality of the Manuals in accordance with Section 21 3 of this Agreement The Manuals are the sole property of the Franchisor and shall be used by the Franchisee only during the term of this Agreement and in strict accordance with the terms and conditions hereof The Franchisee shall not duplicate the Manuals nor disclose their contents to persons other than its employees or officers who have signed a confidentiality and noncompetition agreement in a form approved by the Franchisor The Franchisee shall return the Manuals to the Franchisor upon the expiration, termination or assignment of this Agreement

8 3 **Changes to the Manuals** The Franchisor reserves the right to revise the Manuals from time to time as it deems necessary to update or change operating and marketing techniques or standards and specifications The Franchisee, upon receipt of any updated information, shall update its copy of the Manuals as instructed by the Franchisor and shall conform its operations to the updated provisions within 30 days of receipt of each update The Franchisee acknowledges that a master copy of the Manuals maintained by the Franchisor at its principal office shall be controlling in the event of a dispute relative to the content of any Manuals

9 AREA REPRESENTATIVE SERVICES

9 1 **Responsibilities of Area Representative** The Franchisor reserves the right to retain the services of an area representative ("**Area Representative**") in the geographic area in which the Franchisee's TILTED KILT Restaurant will be located In such event, the Area Representative, on behalf of the Franchisor, will perform certain sales, site assistance and consulting services, as may be directed by the Franchisor, for the Franchisee and the Franchisee's TILTED KILT Restaurant The Franchisee agrees in advance to any such delegation and assignment by the Franchisor of any portion or all of the Franchisor's obligations and rights under this Agreement, provided, however, the Franchisee acknowledges that it in no manner is or shall become a third party beneficiary of any agreement as may be in effect between the Franchisor and any Area Representative of the Franchisor Unless the Franchisee or its Affiliate has executed an area representation agreement pursuant to which the Franchisee has entered into this Agreement, the Franchisee shall not engage the Area Representative (or its owners), Area Representative's affiliates (or their owners), or any family member of any owner of the Area Representative or its affiliates in any other business relationship without first obtaining the Franchisor's written consent

10 THE FRANCHISEE'S DUTIES AND OBLIGATIONS REGARDING OPERATIONS

10 1 **Business Operations** The Franchisee acknowledges that it is solely responsible for the successful operation of its TILTED KILT Restaurant and that the continued successful operation thereof is, in part, dependent upon the Franchisee's compliance with this Agreement and the mandatory Licensed Methods set forth in the Manuals In addition to all other obligations contained in this Agreement and the Licensed Methods set forth in the Manuals, the Franchisee shall comply with the following operational obligations

a **Quality of Operations** The Franchisee shall maintain clean, efficient and high quality TILTED KILT Restaurant operations and shall operate the business in accordance with the Manuals and in such a manner as not to detract from or adversely reflect upon the name and reputation of the Franchisor and the goodwill associated with the Tilted Kilt name and the Marks

b **Compliance with Laws and Good Business Practices** The Franchisee shall conduct itself and operate its TILTED KILT Restaurant in compliance with all applicable laws, regulations and other ordinances, including, without limitation, health department regulations, ordinances and regulations which prohibit or regulate smoking in a public place (including restaurants), liquor licensing, alcohol serving, and food handler's licensing laws and other ordinances in such a manner so as to promote a good public image in the business community In connection therewith, the Franchisee will be solely and fully responsible for obtaining any and all licenses to carry on business at the TILTED KILT Restaurant, including without limitation, the liquor licenses as may be necessary to offer full bar service The Franchisee shall serve liquor on the Restaurant premises only and shall not permit take-out or other off-premises consumption of liquor by customers without first obtaining an off-premises license, insurance coverage for off-premises consumption, and prior written approval by Franchisor The Franchisee shall promptly forward to the Franchisor copies of all health and sanitation department, fire department, building department and liquor license authorizations and other similar reports of inspection or authorization as and when they become available and shall immediately forward to the Franchisor notices of any liquor license or health department violations upon receipt thereof The Franchisee shall be solely responsible for any penalties or fines assessed for failure to abide by such laws and regulations

c **Management** The Franchisee acknowledges that proper management of the TILTED KILT Restaurant is extremely important The Franchisee (or the Principal Owner) is responsible for the management, direction and control of its TILTED KILT Restaurant The Franchisee must identify on Exhibit D the individual who will have day-to-day management authority over the TILTED KILT Restaurant (the "**General Manager**") If the General Manager has not yet been determined, the Franchisee shall notify the Franchisor of the identity of the General Manager as soon as determined A TILTED KILT Restaurant shall have a General Manager at all times The General Manager must complete S T E P Training to the Franchisor's satisfaction The General Manager may or may not be the Franchisee (or an owner if the Franchisee is an entity) The General Manager must work full time at the Franchisee's TILTED KILT Restaurant and continuously exert his or her best efforts to promote and enhance the TILTED KILT Restaurant Any change in the General Manager is subject to the Franchisor's prior written consent Any new General Manager must complete S T E P Training to the Franchisor's satisfaction prior to assuming the role of General Manager S T E P Training provides a General Manager with information and knowledge to effectively manage a TILTED KILT Restaurant However, successful management of a TILTED KILT Restaurant depends on many factors, including experience, judgment, commitment, and a high level of dedication, Therefore, S T E P Training is by no means a guarantee that a S T E P -trained manager will provide successful management The Franchisee must closely monitor and constantly evaluate the management qualities of the Franchisee's General Manager and management staff in order to establish and maintain management of the Franchisee's TILTED KILT Restaurant Maintaining effective management of the TILTED KILT Restaurant is the Franchisee's responsibility

d **Approved Products, Services, and Activities** The Franchisee shall offer only menu items and other products, services, and activities through its Restaurant which meet or exceed the minimum standards and specifications established by the Franchisor more fully described in the Manuals The Franchisee shall offer all types of menu items and other products, services, and activities as from time to time may be prescribed by the Franchisor and shall not offer any other menu items, products, services, or activities, or operate or engage in any other type of business or profession, from or through the TILTED KILT Restaurant, that are not authorized in writing by the Franchisor, including, without limitation, filling "wholesale orders," defined below, or any off-premises, Internet, catalog or mail order sales, including without limitation, delivery and catering sales and related services "**Wholesale Orders**" are defined as those orders or sales where the principal purpose of the purchase is for resale, not use, or any sale other than those sold over the counter at a price other than that price charged to the general public, provided, however, that volume discounted sales made on the premises at the Franchised Location to a single purchaser, not for resale, shall not be considered a "wholesale order "

e **Gift Card and Exchange Program** The Franchisee shall participate in all credit card programs, gift card programs, discount card programs, loyalty card programs, exchange coin, chip and note programs, electronic data capture programs or other similar programs required by the Franchisor Franchisee shall not create or participate in any gift card programs, credit card programs, discount programs, loyalty card programs, exchange coin, chip or note programs, barter programs or quid pro quo programs of any kind whatsoever without the prior written consent of the Franchisor

f **Payment of Obligations** The Franchisee shall pay on a timely basis all amounts due and owing to the Franchisor pursuant to any separate agreements between the Franchisee and the Franchisor and all amounts due and owing by the Franchisee to all third parties, including affiliates of the Franchisor, the Franchisee's employees, landlords, vendors, and taxing authorities, with whom the Franchisee does business at or through the Restaurant In connection with any amounts due and owing by the Franchisee to third parties, the Franchisee expressly acknowledges that a default by the Franchisee with respect to such indebtedness may be considered a default hereunder and the Franchisor may avail itself of all remedies provided for herein in the event of such default

g **Other Agreements** The Franchisee shall comply with all agreements with third parties related to the TILTED KILT Restaurant, including, without limitation, all provisions of any premises lease, equipment lease, or agreement with suppliers

h **Employees** The Franchisee and all employees of the Franchisee shall present a professional appearance, in accordance with the Licensed Methods, and shall render competent and courteous service to customers of the TILTED KILT Restaurant while working at the Franchised Location The Franchisor reserves the right to require the Franchisee, at the Franchisee's expense, to purchase specified apparel described in the Manuals from suppliers approved by the Franchisor The General Manager and the Franchisee's other managers, employees, and owners shall wear the specified apparel at all times while working at the Franchised Location The Franchisor has the right, in its sole and absolute discretion, to change or modify costumes, attire, and the dress code from time to time

The Franchisee acknowledges and agrees that the Franchisee is solely responsible for all decisions relating to employees, agents, and independent contractors that the Franchisee may hire to assist in the operation of the TILTED KILT Restaurant The Franchisee agrees that any employee, agent, or independent contractor that the Franchisee hires will be the Franchisee's employee, agent, or independent contractor, and not the Franchisor's employee, agent, or independent contractor The Franchisee also agreed that the Franchisee is exclusively responsible for the terms and conditions of employment of the Franchisee's employees, including recruiting, hiring, firing, training, compensation, work hours and schedules, work assignments, safety and security, discipline, and supervision The Franchisee agrees to manage the employment functions of the TILTED KILT Restaurant in compliance with federal, state, and local employment laws

i **Remodeling and Upgrading** The Franchisee shall renovate, refurbish, remodel or replace, at its own expense, the real and personal property and equipment used in the operation of the TILTED KILT Restaurant, when reasonably required by the Franchisor in order to comply with the image, standards of operation and performance capability established by the Franchisor from time to time If the Franchisor changes its image or standards of operation, it shall give the Franchisee a reasonable period of time within which to comply with such changes

j **Training of Employees** The Franchisee shall be responsible for sufficiently training all of its employees who work in any capacity in the TILTED KILT Restaurant and shall be fully responsible for all employees' compliance with the operational standards which are part of the Licensed Methods and for compliance with all laws and regulations affecting Restaurant operations

k **Alcohol Training and Service** Alcohol sales are a major component of the operation of a TILTED KILT Restaurant The Franchisee is solely responsible for training its employees to handle and serve alcoholic beverages The Franchisee must comply with all federal, state and local liquor laws The Franchisee acknowledges that the Franchisor is not responsible for any training on how to serve alcoholic beverages and that the Franchisee is solely responsible for all of its employees who serve alcohol

l **Ownership of Restaurant** The Franchisee shall at all times during the term of this Agreement own and control the TILTED KILT Restaurant authorized hereunder Upon request of the Franchisor, the Franchisee shall promptly provide satisfactory proof of such ownership to the Franchisor The Franchisee represents that the Statement of Ownership, attached hereto as Exhibit D and by this reference incorporated herein, is true, complete, accurate and not misleading, and, in accordance with the information contained in the Statement of Ownership, the sole ownership of the TILTED KILT Restaurant is held by the Franchisee The Franchisee shall promptly provide the Franchisor with a written notification if the information contained in the Statement of Ownership changes at any time during the term of this Agreement and shall comply with the applicable transfer provisions contained in Article 17 herein In addition, if the Franchisee is an entity, all of the owners of the Franchisee shall sign the Personal Guaranty attached hereto as Exhibit C The Franchisee must identify on Exhibit D, one of its owners who is a natural person with the greatest percentage of ownership interest and voting power in the Franchisee, as compared to the remaining owners (the "**Principal Owner**") The Franchisor shall have the right and is hereby authorized by the Franchisee to consider the Principal Owner as the chief executive officer who is authorized to represent the Franchisee in such capacity The Franchisee may not change the identity of the Principal Owner without the Franchisor's prior written consent If the Franchisee is an entity, the Franchisee agrees that the Principal Owner is authorized to deal with the Franchisor on the Franchisee's behalf in respect to all matters whatsoever which may arise with respect to this Agreement and the operation of the

Restaurant and any decision made by the Principal Owner will be final and binding on the Franchisee and the Franchisor will be entitled to rely solely upon the decision of the Principal Owner in any such dealings, without the necessity of any discussions with any other party named in this Agreement or any other owner of the Franchisee, and the Franchisor will not be held liable for any actions taken by the Franchisee or otherwise, based upon any decisions or actions of the Principal Owner Where used in this Agreement with respect to the Franchisee, an "**Affiliate**" is an entity (including but not limited to a corporation, limited liability company, partnership, trust, or other form of business entity) in which the Franchisee and/or its owners (i) own 30% or more of the ownership interests and/or voting rights or (ii) have the right and power to control and determine the entity's management and policies

m **Pricing** The Franchisor may periodically set a maximum or minimum price that the Franchisee may charge for products and services offered by TILTED KILT Restaurants If the Franchisor imposes a maximum price for any product or service, the Franchisee may charge any price for the product or service up to and including the maximum price the Franchisor imposes, but may not charge any price in excess of the maximum price set by the Franchisor If the Franchisor imposes a minimum price for any product or service, the Franchisee may charge any price for product or service down to and including the minimum price the Franchisor imposes but may not charge any price below the minimum price set by the Franchisor For any product or service for which the Franchisor does not impose a maximum or minimum price, the Franchisor may require the Franchisee to comply with an advertising policy adopted by the Franchisor which will prohibit the Franchisee from advertising any price for a product or service that is different than the Franchisor's suggested retail price Although the Franchisee must comply with any advertising policy the Franchisor adopts, the Franchisee will not be prohibited from selling any product or service at a price above or below the suggested retail price unless the Franchisor imposes a maximum price or minimum price for such product or service The Franchisee also agrees to participate in all "limited time offering" promotions, as well as any other promotions, implemented by the Franchisor

n **Hours of Operation** The Franchisee shall at all times during the term of this Agreement keep its TILTED KILT Restaurant open during the business hours as may be designated by the Franchisor from time to time in the Manuals, except as such designated business hours are superseded by applicable law, and shall maintain sufficient supplies of menu items, food and ingredients, beer, liquor and beverages, paper goods and branded products and merchandise and employ adequate personnel at all times so as to operate the Restaurant at its maximum capacity and efficiency

o **Information Security** The Franchisee must implement all administrative, physical, and technical safeguards necessary to protect any information that can be used to identify an individual, including names, addresses, telephone numbers, e-mail addresses, employee identification numbers, signatures, passwords, financial information, credit card information, government-issued identification numbers and credit-report information ("**Personal Information**") in accordance with applicable law and industry best practices It is entirely Franchisee's responsibility (even if the Franchisor provides the Franchisee with any assistance or guidance in that regard) to confirm that the safeguards the Franchisee uses to protect Personal Information comply with all applicable laws and industry best practices related to the collection, access, use, storage, disposal, and disclosure of Personal Information If the Franchisee becomes aware of a suspected or actual breach of security or unauthorized access involving Personal Information, the Franchisee will notify the Franchisor immediately and specify the extent to which Personal Information was compromised or disclosed

10 2 Castıng Call Event Before the Restaurant opens for busıness, the Franchısee must hold a castıng call event (a "**Castıng Call Event**") ın order to recruıt staff to work at the Restaurant The Castıng Call Event shall be marketed by usıng medıa such as radıo, bıllboards, banners and dıgıtal medıa prınt ad If the Franchısee does not have a certıficate of occupancy to use the Restaurant for the Castıng Call Event, the Franchısee must secure an appropnate space approved by the Franchısor to conduct the Franchısee's Castıng Call Event Addıtıonally, the Franchısee must purchase from the Franchısor the approved Cassıe Inıtıate decor package as well as obtaın the necessary office supplıes and all requıred castıng and recruıtıng prınt materıals for General Managers and prospectıve applıcants

11 PURCHASES OF PRODUCTS

11 1 Inventory Prıor to commencement of operatıon of the TILTED KILT Restaurant, the Franchısee shall purchase and stock the Restaurant wıth ınventory ın such mıx and quantıtıes as the Franchısor may determıne, based on the customer demographıcs, regıonal consumer preferences and other factors such as the sıze, seatıng and locatıon of the Restaurant The Franchısee shall, durıng the term of the Franchıse Agreement, maıntaın product ınventory levels and product ınventory mıx suffıcıent to meet customer demands and ın complıance wıth the Franchısor's standards and specıfıcatıons as may be descrıbed ın the Manuals from tıme to tıme

11 2 Lımıtatıons on Supply Oblıgatıons Wıth respect to any purchases of products from the Franchısor or ıts affılıated companıes or from requıred, approved or recommended supplıers, product delıvery ıs subject to and condıtıoned upon avaılabılıty Nothıng ın thıs Agreement shall be construed by the Franchısee to be a promıse or guarantee as to the contınued exıstence of a partıcular product, nor shall any provısıon hereın ımply or establısh an oblıgatıon on the part of the Franchısor and ıts affılıates to sell products to the Franchısee ıf the Franchısee ıs ın arrears on any payment to the Franchısor and ıts affılıates or otherwıse ın default under thıs Agreement The Franchısor may, at any tıme, requıre payments to be made at tıme of order or ın cash on delıvery ("**COD**") In addıtıon, penaltıes and ınterest for late payments for products and other ıtems purchased from the Franchısor and ıts affılıates wıll apply on the same terms as for Royaltıes, descrıbed ın Sectıon 12 3 below

11.3 No Product Warrantıes The products purchased by the Franchısee from the Franchısor or ıts affılıated companıes shall be subject only to manufacturers' warrantıes THE FRANCHISOR AND ITS AFFILIATED COMPANIES MAKE NO WARRANTIES, EXPRESS OR IMPLIED, REGARDING MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OF ANY OF THE PRODUCTS PURCHASED BY THE FRANCHISEE

11 4 Changes ın Product, Terms of Sale It ıs understood that the Franchısor and ıts affılıates shall have the rıght, at any tıme and wıthout notıce, to add ıtems to, or wıthdraw ıtems from, the lıst of products, to add to or delete from the lıst of requıred, approved and/or recommended supplıers of product, to revıse any product, and to change the prıces, dıscounts, or terms of sale of any product, provıded, however, no such changes ın prıces, dıscounts or terms shall affect accepted orders pendıng wıth the Franchısor and ıts affılıates at the tıme of change No such changes wıll gıve the Franchısee the rıght to recover damages agaınst, or be reımbursed by, the Franchısor or ıts affılıates for any losses suffered by the Franchısee, nor wıll the Franchısee be entıtled to requıre the Franchısor and ıts affılıates to accept return of any of the products rendered obsolete by such changes The Franchısee shall comply wıth the then-current terms and condıtıons of sale of the Franchısor or ıts affılıates for the purchase of ınventory, equıpment and other ıtems through the Franchısor or ıts affılıates

12 ROYALTIES

12 1 **Weekly Royalty** The Franchisee shall pay to the Franchisor a weekly royalty ("**Royalty**") equal to 6% of the total amount of its "Gross Sales" (defined in Section 12 2 below), generated from or through its TILTED KILT Restaurant

12 2 **Gross Sales** "**Gross Sales**" shall mean and include the aggregate amount of all sales of products, services, merchandise, or activities of every kind or nature sold at, from, through or otherwise in connection with the operation of the Restaurant, whether for cash or credit, including, without limitation, revenue from admissions, event charges, cover charges, vending machines, jukeboxes and gaming devices, lottery tickets, video games and coin-operated games, less returns for which refunds are made (not to exceed sale price), and excluding (i) all federal, state or municipal sales or service taxes collected from customers and paid to the appropriate taxing authority, and (ii) other discounts (including the amount of employee discounts) and exclusions as may be authorized in writing by the Franchisor ' Gross Sales" shall include gift card redemptions, condemnation awards, all insurance proceeds received by the Franchisee for loss or interruption of business due to a casualty or similar event at the Franchised Location, and the fair market value of any services or products received by the Franchisee in barter or exchange for its services and products, provided, however, that the Franchisee shall not barter or exchange any products or services without the Franchisor's prior written approval The Franchisee agrees that all comps, or parts or all of a meal offered to customers on the house, in excess of 2% of Gross Sales shall be included in Gross Sales, and Royalties and other fees shall be paid on such dollar value except during the first 90 days after commencement of operations of the Restaurant

12 3 **Royalty Payments** Royalty payments shall be made weekly and sent to the Franchisor by electronic funds transfer on the day of the week the Franchisor shall designate from time to time ("**Due Date**") based on Gross Sales for the immediately preceding week No later than the Due Date of each week, the Franchisee shall report to the Franchisor by electronic means or in written form, as may be reasonably directed by the Franchisor, with such information and pursuant to such standard transmittal procedures regarding the Franchisee's Gross Sales and such additional information as may be requested by the Franchisor In the event that the Franchisee fails to provide the Franchisor with the reports referenced in the previous sentence on the Due Date of each week, the Franchisee shall owe a $100 00 late fee for each week such reports are late to be automatically assessed and debited or paid along with the payment of Royalties The Franchisor shall have the right to verify such Royalty payments from time to time as it deems necessary, in any reasonable manner In the event that the Franchisee fails to have sufficient funds in the Main Operating Account (as defined in Section 12 5) or otherwise fails to pay any Royalties as of the Due Date, the Franchisee shall, in addition to such Royalties, owe a $100 00 late fee to be automatically assessed and debited or paid along with the late debit or payment of Royalties In addition, the Franchisor shall have the right to charge interest on any payments made after the Due Date at the highest applicable legal rate for open account business credit, not to exceed 1½% per month The Franchisee acknowledges that this Section 12 3 shall not constitute the Franchisor's or its affiliates' agreement to accept such payments after they are due or a commitment to extend credit to or otherwise finance operation of the Restaurant In no event shall the Franchisee be required to pay a late payment and/or interest at a rate greater than the maximum interest rate permitted by applicable law

12 4 **Change in Law** If a law is enacted during the term of this Agreement which prohibits or restricts in any way the Franchisee's ability to pay and the Franchisor's ability to collect Royalties or other amounts based on Gross Sales derived from the sale of alcoholic products, then the Franchisor reserves the right to modify the Franchisee's payment obligations under this Agreement and revise the applicable provisions hereunder in order to provide the same basic economic effect to both the Franchisor and the Franchisee as currently provided in this Agreement In such event, the Franchisee agrees to

execute the appropriate document(s) in the form the Franchisor prescribes to give effect to or take account of such revisions

12 5 Application of Payments The Franchisee agrees to deposit all receipts from the operation of the TILTED KILT Restaurant into one business checking account at a U S national bank or other financial institution insured by the Federal Deposit Insurance Corporation ("**Main Operating Account**") Franchisee authorizes the Franchisor and its affiliates to debit the Franchisee's Main Operating Account automatically for all amounts due under this Agreement or otherwise, including but not limited to, Royalty, Advertising Contributions (as defined in Section 13 3), and LAG contributions (as defined in Section 13 4) (the "**EFT Authorization**") Franchisee agrees to execute all documents required by Franchisor for the EFT Authorization, including the Authorization Agreement for Preauthorized Payments (Direct Debits) attached as Exhibit E hereto, and shall remain in full force and effect during the term of this Agreement The Franchisor will debit the Main Operating Account via the EFT Authorization for these amounts on the Due Date (or the subsequent business day if the Due Date is a national holiday or a weekend day) The Franchisee agrees to ensure that funds are available in the Main Operating Account to cover the Franchisor's withdrawals The Franchisee shall not close the Main Operating Account or deposit any receipts from the operation of the TILTED KILT Restaurant into any other checking account without the Franchisor's express written consent, and any such action shall be deemed a breach of this Agreement

Despite any designation made by the Franchisee, the Franchisor may apply any of the Franchisee's payments, and any credits the Franchisor receives on the Franchisee's behalf from third party suppliers to any of the Franchisee's past due indebtedness to the Franchisor The Franchisor may set off any amounts the Franchisee or its owners owe to the Franchisor or its affiliates against any amounts the Franchisor or its affiliates owe the Franchisee or its owners

The Franchisor may require the Franchisee to pay any amounts due under this Agreement or otherwise by means other than automatic debit (e g , by check or credit card) whenever the Franchisor deems appropriate, and the Franchisee agrees to comply with the Franchisor's payment instructions

13 ADVERTISING

13 1 Approval of Advertising The Franchisee shall obtain the Franchisor's prior written approval of all written advertising or other marketing or promotional programs regarding the TILTED KILT Restaurant, including, without limitation, "Yellow Pages" and other directory listing advertising, newspaper ads, flyers, brochures, magazines, coupons, direct mail pieces, specialty and novelty items and radio, television and Internet advertising The Franchisee shall also obtain the Franchisor's prior written approval before using any promotional materials as may be provided by vendors The proposed written advertising or a description of the marketing or promotional program shall be submitted to the Franchisor at least 30 days prior to publication, broadcast or use If the Franchisor does not provide written notice of approval within 30 days, the Franchisor shall be deemed to have denied approval of the proposed materials The Franchisee acknowledges that advertising and promoting the TILTED KILT Restaurant in accordance with the Franchisor's standards and specifications is an essential aspect of the Licensed Methods, and the Franchisee agrees to comply with all advertising standards and specifications The Franchisee shall display all required promotional materials, signs, point of purchase displays and other marketing materials in its TILTED KILT Restaurant and in the manner prescribed by the Franchisor

13 2 Minimum Advertising Expenditure The Franchisee shall spend a minimum average per calendar quarter of 4% ("**Minimum Advertising Expenditure**") of the total amount of its quarterly Gross Sales on local advertising, **LESS** any amounts contributed to the Advertising Fund and to any Local Advertising Group The Franchisee will submit to the Franchisor an accounting of the amounts spent on its Minimum Advertising Expenditure within 15 days following the end of each calendar quarter, if requested If the Franchisee's lease requires it to advertise locally, the Franchisor may, in its sole discretion, count such expenditures toward the Franchisee's Minimum Advertising Expenditure required by this <u>Section 13 2</u> The Franchisee shall obtain the Franchisor's prior written approval of all written and Electronic Advertising and promotional materials before publication The Franchisee must participate in promotions as required by the Franchisor

13 3 <u>National Advertising and Marketing Contribution</u> The Franchisee shall contribute to a national advertising and marketing fund established by the Franchisor ("**Advertising Fund**") a fee of up to 2% of the total amount of the Franchisee's Gross Sales ("**Advertising Contribution**") in the percentage established by the Franchisor from time to time As set forth in <u>Section 13 2</u>, any payments made to the Advertising Fund pursuant to this <u>Section 13 3</u> shall be deducted from the Franchisee's Minimum Advertising Expenditure obligation The Advertising Contribution shall be paid to the Franchisor in addition to Royalties, and the following terms and conditions shall apply

a The Advertising Contribution is payable in the same manner as the Royalty payments pursuant to <u>Sections 12 3</u> and <u>12 5</u>,

b The Franchisor may change the amount of the Advertising Contribution (but not to exceed 2% of the Franchisee's Gross Sales) by providing the Franchisee with at least 60 days prior written notice

c The Franchisor shall have the right to verify Advertising Contribution payments from time to time as it deems necessary, in any reasonable manner

d The Advertising Contributions will be subject to the same late charges and interest as the Royalties, in an amount and manner set forth in <u>Section 12 3</u>

e Upon the request of the Franchisee, the Franchisor will make available to the Franchisee, no later than 120 days after the end of each fiscal year, an unaudited financial statement that shows how the Advertising Fund has been spent

f The Franchisor shall direct all advertising and marketing programs financed by the Advertising Fund, with sole discretion over the creative concepts, materials and endorsements used therein, geographic, market and media placement and allocation, and the administration thereof The Franchisee agrees that the Advertising Fund may be used to pay the costs of preparing, producing or placing video, audio and written advertising materials and other commercial advertising, agency costs and commissions, sponsoring radio programs, administering multi-regional advertising programs, including, without limitation, purchasing direct mail and other media advertising and employing advertising agencies and in-house staff to assist therewith, gift card programs, secret shopper programs, and sponsorships, supporting public relations, market research, brand recognition, administering online, website, and other electronic advertising and marketing campaigns (including search engine, social media, email, and display ad campaigns), developing and maintaining application software designed to run on computers and similar devices, including tablets, smartphones and other mobile devices, as well as any evolutions or "next generations" of any such devices, and other advertising and marketing activities

g The Advertising Fund shall be accounted for separately from the Franchisor's other funds and shall not be used to defray any of the Franchisor's general operating expenses, except for such reasonable administrative costs, salaries and overhead as the Franchisor may incur in activities related to the administration of the Advertising Fund and its advertising and marketing programs, including, without limitation, conducting market research, incurring related accounting and legal expenses, preparing material and collecting and accounting for Advertising Fund contributions The Franchisor may spend in any fiscal year an amount greater or less than the aggregate contribution of all TILTED KILT Restaurants to the Advertising Fund in that year and the Advertising Fund may borrow from the Franchisor or other lenders to cover deficits or cause the Advertising Fund to invest any surplus for future use Any interest earned on monies contributed to the Advertising Fund will be first used to pay costs The Advertising Fund may be incorporated or operated through an entity separate from the Franchisor at such time as the Franchisor deems appropriate, and such successor entity shall have all rights and duties of the Franchisor pursuant to this Section 13 3

h The Franchisee understands and acknowledges that the Advertising Fund is intended to maximize recognition of the Marks and patronage of TILTED KILT Restaurants Although the Franchisor will endeavor to utilize the Advertising Fund to develop advertising and marketing materials and programs and to place advertising that will benefit all TILTED KILT Restaurants, the Franchisor undertakes no obligation to ensure that expenditures by the Advertising Fund in or affecting any geographic area are proportionate or equivalent to the contributions by TILTED KILT Restaurants operating in that geographic area or that any TILTED KILT Restaurant will benefit directly or in proportion to its contribution from the development of advertising and marketing materials or the placement of advertising The Advertising Fund is not a trust fund, and the Franchisor does not owe the Franchisee a fiduciary duty with respect to the maintenance, direction or administration of the Advertising Fund Except as expressly provided in this Section 13 3, the Franchisor assumes no direct or indirect liability or obligation to the Franchisee with respect to the maintenance, direction or administration of the Advertising Fund

i The Franchisor reserves the right to terminate the Advertising Fund, upon 30 days' written notice to the Franchisee If the Advertising Fund is terminated, the Franchisor will (at its option) either spend the remaining Advertising Fund assets in accordance with this Section 13 3 or distribute the unspent assets to contributors (including the Franchisor and its affiliates, if applicable) then contributing to the Advertising Fund in proportion to their contributions during the preceding twelve (12) month period The Franchisor shall have the right to reinstate the Advertising Fund upon the same terms and conditions set forth herein upon 30 days' prior written notice to the Franchisee

13 4 Local Advertising Groups The Franchisor reserves the right, upon 30 days prior written notice to the Franchisee, to create a local advertising group ("**LAG**") for the benefit of TILTED KILT franchisees located within a particular geographic area If a LAG is established for the area where the Franchisee is located, the Franchisee will be required to participate in the LAG for the purpose of selecting and participating in regional marketing and promotion programs for TILTED KILT Restaurants The Franchisee will be required to remain a member of and be bound by the decisions of the majority of the members of the LAG regarding expenditures, assessments and dues of the LAG, to the extent that they are approved by the Franchisor The Franchisor may, in its sole discretion, allocate all or a portion of the Minimum Advertising Expenditure described in Section 13 2 as a required advertising contribution to the LAG, provided, however, that any payments made to the LAG pursuant to this Section 13 4 and any required Advertising Contribution shall be deducted from the Franchisee's Minimum Advertising Expenditure obligation, and, combined, shall not exceed the Franchisee's Minimum Advertising Expenditure obligation The LAG contribution is payable in the same manner as the Royalty payments pursuant to Sections 12 3 and 12 5 To the extent approved by the Franchisor, each LAG has the right, by majority vote, to require its members to pay dues to the LAG of up to 4% of Gross Sales, reduced by the then-current Advertısıng Contrıbutıon The faılure of the Franchısee to partıcıpate ın the LAG or pay any dues requıred by the LAG, may, at the optıon of the Franchısor, be deemed to be a breach of thıs Agreement The Franchısor has the rıght, ın ıts sole dıscretıon, to determıne the composıtıon of all geographıc terrıtorıes and market areas for the ımplementatıon of the LAGs and to requıre that the Franchısee partıcıpate ın such regıonal advertısıng programs as and when they may be establıshed by the Franchısor If a LAG ıs formed for a partıcular regıon by the Franchısor, the Franchısor, to the extent reasonably calculable, wıll only use contrıbutıons from TILTED KILT franchısees wıthın such regıon for the partıcular regıonal advertısıng program The Franchısor reserves the rıght to seek reımbursement from the LAG for reasonable admınıstratıve costs, travel, expenses, salarıes and overhead as the Franchısor may ıncur ın actıvıtıes related to the ımplementatıon and admınıstratıon of the LAG and marketıng programs The Franchısor also reserves the rıght, ın Franchısor's sole dıscretıon, to form, determıne the bylaws for, modıfy, or dıssolve the LAG at any tıme upon wrıtten notıce to Franchısee In ıts sole dıscretıon, Franchısor may also enable the LAG to self-admınıster the local advertısıng programs

13 5 <u>Grand Openıng Program</u> The Franchısee shall conduct a grand openıng advertısıng and promotıonal program (the "**Grand Openıng Program**") for the TILTED KILT Restaurant at a tıme to be mutually agreed upon by the Franchısor and the Franchısee at or around the tıme that the Restaurant opens, but startıng at least 4 weeks prıor to the grand openıng of the Restaurant and contınuıng for at least 60 days followıng the grand openıng of the Restaurant The Franchısee shall spend a mınımum dollar amount as set forth ın <u>Exhıbıt A</u> for the Grand Openıng Program The Franchısee shall provıde the Franchısor wıth a summary of the Grand Openıng Program expendıtures wıthın 60 days after completıon of the Grand Openıng Program, at the Franchısor's request The Franchısee's Grand Openıng Program wıll utılıze the marketıng and publıc relatıons programs and medıa and advertısıng materıals that the Franchısor has developed

13 6 <u>Electronıc Advertısıng</u> The Franchısee shall not develop, create, dıstrıbute, dıssemınate or use any Internet advertısıng or websıte, or any multımedıa, telecommunıcatıon, mass electronıc maıl, facsımıle or audıo/vısual advertısıng, promotıonal or marketıng materıals, dırectly or ındırectly related to the TILTED KILT Restaurant, the Marks or the Lıcensed Methods ("**Electronıc Advertısıng**"), wıthout the Franchısor's prıor wrıtten consent, whıch may be wıthheld ın the Franchısor's sole dıscretıon The Franchısor shall retaın the exclusıve rıght to develop and control the content of all Electronıc Advertısıng for the TILTED KILT Restaurants The Franchısor reserves the rıght to requıre the Franchısee to use and partıcıpate ın any socıal medıa programs The Franchısee must comply wıth the Franchısor's polıcıes for franchısee use of socıal medıa The Franchısor reserves the rıght to revoke the Franchısee's rıghts to use a socıal medıa websıte or to requıre that the Franchısee obtaın the Franchısor's approval of any message the Franchısee ıntends to post prıor to postıng The Franchısor reserves the rıght, upon 30 days' prıor wrıtten notıce, to requıre the Franchısee to partıcıpate ın any Electronıc Advertısıng of TILTED KILT Restaurants sponsored by the Franchısor If the Franchısor permıts the Franchısee to develop any Electronıc Advertısıng, the Franchısee shall do so ın complıance wıth the Franchısor's polıcıes and rules regardıng the creatıon, maıntenance, use and content of such Electronıc Advertısıng, as set forth ın thıs Agreement and the Manuals The Franchısor may requıre the Franchısee to lınk ıts websıte to a websıte as may be maıntaıned by the Franchısor and may also charge the Franchısee a reasonable fee to establısh and maıntaın such lınk Any amounts that the Franchısee ıs requıred to spend on Electronıc Advertısıng shall be credıted toward the Franchısee's Mınımum Advertısıng Expendıtures

13 7 <u>TILTED KILT Costumes or Employee Attıre</u> All marketıng and promotıon by the Franchısee whıch depıcts or utılızes the TILTED KILT costumes or other employee attıre must conform to the Franchısor's standards and specıfıcatıons and the requırements descrıbed ın <u>Sectıon 13 1</u> hereın The Franchısee shall not wear or allow anyone else to wear or utılıze the TILTED KILT costumes or any other employee attıre except whıle beıng worn or utılızed ın full conformance wıth the Franchısor's standards and specifications for authorized TILTED KILT Restaurant services at the Franchised Location or permitted off-site catering The Franchisee shall obtain the prior written consent of the Franchisor, which consent may be withheld in the Franchisor's sole discretion, for any use of the TILTED KILT costumes or other employee attire not at the Franchised Location or for permitted off-site catering services In addition, the Franchisee shall comply with the standards and specifications and limitations that the Franchisor may impose from time to time with respect to the TILTED KILT costumes or other employee attire, and the persons who wear them

14 QUALITY CONTROL

14 1 **Compliance with Licensed Methods** The Franchisee acknowledges and agrees that operating and maintaining the Restaurant according to the Licensed Methods is essential to preserving the goodwill of the Marks and all TILTED KILT Restaurants Therefore, the Franchisee agrees that it shall, at all times, maintain and operate the Restaurant in compliance with all of the Franchisor's mandatory Licensed Methods, as they may be modified and supplemented from time to time by the Franchisor, even if the Franchisee believes that a particular Licensed Method is not in the best interests of the Franchisee or the system of TILTED KILT Restaurants The Franchisor's periodic modification of the Licensed Methods, which may accommodate regional or local variations, may obligate the Franchisee to invest additional capital in the TILTED KILT Restaurant and incur higher operating costs

14 2 **Standards and Specifications** The Franchisor will make available to the Franchisee standards and specifications for products and services offered at or through the TILTED KILT Restaurant and for the Franchised Location, decor, equipment, furniture, fixtures, inventory policies, menus, food, packaging, paper products, employee attire, cast members, supplies, forms, advertising material and other items used in connection with the Restaurant The Franchisor reserves the right to change standards and specifications for services and products offered at or through the TILTED KILT Restaurant and for the Franchised Location, equipment, furniture, fixtures, inventory policies, menus, food, packaging, paper products, employee attire, cast members, supplies, forms, advertising material and other items used in connection with the Restaurant, upon 30 days prior written notice to the Franchisee The Franchisee shall, throughout the term of this Agreement, remain in compliance and strictly adhere to all of the Franchisor's current standards and specifications for the TILTED KILT Restaurant as prescribed from time to time

14 3 **Inspections** The Franchisor shall have the right to examine the Franchised Location and the TILTED KILT Restaurant and the operations thereof, including the appearance of the staff, inventory, products, equipment, furniture, fixtures, materials, supplies or services used or sold there, to ensure compliance with all standards and specifications set by the Franchisor The Franchisor shall conduct such inspections during regular business hours, at a frequency which the Franchisor shall determine, and the Franchisee may be present at such inspections The Franchisor, however, reserves the right to conduct the inspections without prior notice to the Franchisee During the inspections conducted by the Franchisor, the Franchisor shall have the right to (i) videotape or take pictures of the Franchised Location, (ii) interview employees and customers of the Restaurant, (iii) take samples of products sold at the Restaurant for testing and analysis, (iv) require the Franchisee to immediately remove any unauthorized products from the Franchised Location, (v) require the Franchisee to immediately cease any sale of unauthorized menu items, products or services, and (vi) require the Franchisee to immediately cease any unauthorized activity The Franchisor shall have the right to use such photographs and videotaped material in such a manner as it reasonably deems appropriate

14 4 **Restrictions on Products and Services** The Franchisee must offer and sell all products and services required by the Franchisor, including any limited time offerings The Franchisee is prohibited from offering or selling any products or services not authorized by the Franchisor as being a

part of the Licensed Methods If the Franchisee proposes to offer, conduct or utilize any products, services, materials, forms, items, supplies or services for use in connection with or sale through the TILTED KILT Restaurant which are not previously approved by the Franchisor as meeting its specifications, the Franchisee shall first notify the Franchisor in writing requesting approval The Franchisor may, in its sole discretion, for any reason whatsoever, elect to withhold such approval, however, in order to make such determination, the Franchisor may require submission of specifications, information, or samples of such products, services, materials, forms, items or supplies The Franchisee shall pay the reasonable costs of investigation in determining whether such products, services, materials, forms, items or supplies meet its specifications The Franchisor will advise the Franchisee within a reasonable time whether such products, services, materials, forms, items or supplies meet its specifications

14 5 **Approved Suppliers** The Franchisor and its affiliates reserve the right to approve, from time to time, contractors, manufacturers, vendors, distributors, suppliers, producers (collectively referred to herein as "**suppliers**"), terms, and distribution methods for any goods and services, which include, but are not limited to, insurance, products, equipment, supplies, and materials The Franchisee shall purchase all goods and services required for the operation of its TILTED KILT Restaurant from such approved suppliers (which may be only one supplier for any given good or service) under terms and in the manner approved by the Franchisor or any of its affiliates The Franchisor may approve only one exclusive supplier for any product or service (which may be the Franchisor or its affiliates) If the Franchisor designates one or more exclusive suppliers for a particular good or service, the Franchisee may not purchase such good or service from any other supplier The Franchisee acknowledges and agrees that the Franchisor and/or its affiliates may derive revenue based on the Franchisee's purchases (including, without limitation, from charging the Franchisee for products and services the Franchisor or its affiliates provide to the Franchisee and from promotional allowances rebates, volume discounts and other payments made to the Franchisor or its affiliates by suppliers that the Franchisor designates or approves for some or all of its franchisees) The Franchisor and/or any of its affiliates may use such revenue or profit without restriction

14 6 **Request to Change Supplier** If the Franchisor has designated one or more exclusive supplier(s) of a good or service, the Franchisee may not use or request to use an alternative supplier for such good or service However, if an exclusive supplier(s) has not been designated and if the Franchisee desires to purchase or use products, equipment, supplies, materials, or services from suppliers other than those previously approved by the Franchisor and its affiliates, the Franchisee shall give the Franchisor a written request to change supplier before purchasing any goods or services from non-approved suppliers The Franchisor shall notify the Franchisee in writing of the approval or rejection of the proposed supplier within a reasonable time after the Franchisor receives the request to approve a proposed supplier In order to make such determination, the Franchisor and its affiliates may investigate the proposed supplier and require that samples from the proposed supplier be delivered for testing prior to approval and use The Franchisor may charge the Franchisee a fee not to exceed the actual cost of the test The Franchisee acknowledges and agrees that the Franchisor and its affiliates may, for any reason whatsoever at its or their sole discretion, elect to withhold approval of the supplier Unless and until the Franchisor approves the proposed supplier in writing, the proposed supplier shall be considered unapproved The Franchisee further acknowledges and agrees that the Franchisor and its affiliates are likely to reject the Franchisee's request for a new supplier without conducting any investigation if the Franchisor and its affiliates already have designated an exclusive supplier for the goods and/or services proposed to be offered by the new supplier as permitted in Section 14 5 The Franchisor and its affiliates may from time to time inspect any supplier's facilities and products to ensure proper production, processing, storing, and transportation of goods and services to be purchased from the supplier by the Franchisee Permission for such inspection shall be a condition of the continued approval of such supplier

14.7 Mystery Shopping Service The Franchisor may itself, or through a designee or a third-party secret shopping service, evaluate the operation and quality of the Restaurant, including such things as meal quality, drink quality, inventory availability, customer service, cleanliness, merchandising, franchise compliance, proper use of computers and registers, and compliance with the Licensed Methods The Franchisor may use such service evaluations to inspect the Restaurant at any time at the Franchisor's expense, without prior notification to the Franchisee The Franchisor may make the results of any such service evaluation available to the Franchisee, in the Franchisor's sole discretion

15 MARKS, TRADE NAMES AND PROPRIETARY INTERESTS

15.1 Marks The Franchisee acknowledges that the Franchisor and its affiliates have the sole right to license and control the Franchisee's use of the "TILTED KILT", "TILTED KILT PUB & EATERY" and ' A COLD BEER NEVER LOOKED SO GOOD" service marks and other of the Marks, and that such Marks shall remain under the sole and exclusive ownership and control of the Franchisor The Franchisee and its owners acknowledge that they have not acquired any right, title or interest in such Marks except for the Franchisee's right to use such marks in the operation of its TILTED KILT Restaurant as it is governed by this Agreement Except as permitted in the Manuals, the Franchisee shall not use any of the Marks as part of an electronic mail address or on any sites on the Internet, provided that the Franchisee may use the Marks on a social media website in accordance with the Franchisor's then current guidelines The Franchisee shall not use or register any of the Marks as part of a domain name on the Internet

15.2 No Use of Other Marks No service marks other than "TILTED KILT" and "TILTED KILT PUB & EATERY" or such other Marks as may be specified by the Franchisor shall be used in the identification, marketing, promotion or operation of the TILTED KILT Restaurant

15.3 Licensed Methods The Franchisee acknowledges that the Franchisor and its affiliates own and control the distinctive plan for the establishment, operation and promotion of the TILTED KILT Restaurant and all related licensed methods of doing business, previously defined as the "**Licensed Methods**", which include, but are not limited to, the Franchisor's standards and specifications for the franchised site, premises, leasehold improvements, construction plans for the premises, interior finish, equipment, supplies, materials, inventory type and control, technical equipment standards, order fulfillment methods, customer relations, marketing techniques, written promotional materials, advertising, costumes, trade dress, employee attire, accounting systems, recipes, menu items and food and drink preparation methods, all of which constitute confidential trade secrets of the Franchisor The Franchisee acknowledges that the Franchisor has valuable rights in and to the trade secrets and other proprietary information comprising the Licensed Methods The Franchisee and its owners further acknowledge that they have not acquired any right, title or interest in the Licensed Methods except for the Franchisee's right to use the Licensed Methods in the operation of the TILTED KILT Restaurant as it is governed by this Agreement and that the Franchisee (and its owners) are obligated to maintain the confidentiality of the Licensed Methods in accordance with Section 21.3 The Franchisee's changes or improvements to the Licensed Methods shall inure to the exclusive benefit of the Franchisor

15.4 Mark Infringement The Franchisee shall notify the Franchisor in writing immediately if the Franchisee should become aware of any person, other than a Franchisee or Area Representative, using the Franchisor's Marks or any mark that might be confused with the Franchisor's Marks The Franchisee acknowledges that the Franchisor shall have the right, in its sole discretion, to determine whether any action will be taken on account of any possible infringement or illegal use The Franchisor and its affiliates shall have the sole right to determine whether to commence or prosecute such action in the Franchisor's own name and may join the Franchisee as a party to the action if the Franchisor determines it to be reasonably necessary for the continued protection and quality control of the Marks and

Licensed Methods The Franchisor shall bear the reasonable cost of any such action, including attorneys' fees The Franchisee must fully cooperate with the Franchisor in any such litigation

15 5 <u>Franchisee's Business Name</u> The Franchisee acknowledges that the Franchisor and affiliates of the Franchisor have a prior and superior claim to the "TILTED KILT" Restaurant trade name The Franchisee shall not use the words "TILTED KILT" in the legal name of its corporation, partnership or any other business entity used in conducting the business provided for in this Agreement The Franchisee also agrees not to register or attempt to register a trade name using the words "TILTED KILT" in the Franchisee's name or that of any other person or business entity, without prior written consent of the Franchisor The Franchisee shall not identify itself as being "Tilted Kilt" or as being associated with the Franchisor in any manner other than as a franchisee or licensee or as being associated with any affiliate of the Franchisor The Franchisee shall, in all advertising and promotion and promotional materials, display its business name only in obvious conjunction with the phrase ' TILTED KILT Licensee" or "TILTED KILT Franchisee" or with such other words and in such other phrases to identify itself as an independent owner of the TILTED KILT Restaurant, as may from time to time be prescribed in the Manuals However, this <u>Section 15 5</u> does not preclude the Franchisee from filing a fictitious business name or "DBA" as required by applicable state law

15 6 <u>Change of Marks</u> In the event that the Franchisor decides to modify or discontinue use of any proprietary Marks, or to develop additional or substitute marks, the Franchisee shall, within a reasonable time after receipt of written notice of such a modification or discontinuation from the Franchisor, take such action, at the Franchisee's sole expense, as may be necessary to comply with such modification, discontinuation, addition or substitution

15 7 <u>Creative Ownership</u> All copyrightable works created by the Franchisee or any of its owners, officers or employees in connection with the Restaurant shall be the sole property of the Franchisor The Franchisee assigns all proprietary rights, including copyrights, in these works to the Franchisor without additional consideration The Franchisee hereby assigns and will execute such additional assignments or documentation to effectuate the assignment of all intellectual property, inventions, copyrights and trade secrets developed in part or in whole in relation to the Restaurant, during the term of this Agreement, as the Franchisor may deem necessary in order to enable it, at its expense, to apply for, prosecute and obtain copyrights, patents or other proprietary rights in the United States and in foreign countries or in order to transfer to the Franchisor all right, title, and interest in said property The Franchisee shall promptly disclose to the Franchisor all inventions, discoveries, improvements, creations, patents, copyrights, trademarks and confidential information relating to the Restaurants and the Licensed Methods which it or any of its owners, officers or employees has made or may make solely, jointly or commonly with others and shall promptly create a written record of the same In the event any such intellectual property rights or other rights described above are deemed by a court of competent jurisdiction not to be owned by the Franchisor, the Franchisee hereby grants to the Franchisor an irrevocable, perpetual, royalty free, world-wide license to use and sublicense such intellectual property rights and such other developed rights described in this <u>Section 15 7</u>

16 REPORTS, RECORDS AND FINANCIAL STATEMENTS

16 1 <u>Franchisee Reports</u> The Franchisee shall establish and maintain, at its own expense, bookkeeping, accounting and data processing systems that conform to the specifications that the Franchisor may prescribe from time to time Each transaction of the Restaurant shall be processed in the manner prescribed by the Franchisor The Franchisor shall have the right of access to all data with respect to the Restaurant The Franchisor reserves the right to require that the Franchisee provide access to the data to the Franchisor by installing a modem and/or joining and paying for an electronic network connection service which meets the Franchisor's standards and specifications The Franchisee shall supply to the Franchisor such types of reports in a manner and form as the Franchisor may from time to time require, including

a by a designated day of each week a report on the Restaurant's Gross Sales for the previous week,

b financial statements for designated four-week periods prepared in accordance with generally accepted accounting principles (' **GAAP**"), consistently applied, using the forms and chart of accounts as prescribed by the Franchisor, which shall include a profit and loss statement and balance sheet for the TILTED KILT Restaurant, mailed or otherwise forwarded to the Franchisor by no later than the 15th day following the end of the four-week period, based on operating results of said four-week period, which shall be submitted in a form approved by the Franchisor if requested,

c within 15 days after the end of each calendar quarter, a report on the Franchisee's local advertising expenditures, as further described in Section 13 2 and, if applicable, Section 13 4 of this Agreement, and in the Franchisor's recommended format if requested,

d within 90 days after the end of the Franchisee's fiscal year, a balance sheet and profit and loss statement prepared in accordance with GAAP and in a format prescribed by TKFO, consistently applied, for the Restaurant for such year if requested,

e within 10 days after such returns are filed, exact copies of federal and state income, sales and any other tax returns and such other forms, records, books and other information as the Franchisor may periodically require, and

f any other data, information and supporting records reasonably requested by the Franchisor from time to time, including without limitation, daily, weekly or monthly reports of inventory and sales by category

16 2 Financial Records Use and Access To determine whether the Franchisee is complying with this Agreement, the Franchisor shall have the right at any time during business hours, and without prior notice to the Franchisee, to (a) inspect and photograph the Restaurant, (b) interview and photograph the Franchisee and the employees and customers of the Restaurant, (c) conduct, supervise or observe a physical inventory of the Franchised Location, and (d) review all records relating to third party suppliers The Franchisor shall also have the right to inspect the records prepared and maintained by the Franchisee The Franchisee shall fully cooperate with representatives of the Franchisor making any such inspection or conducting, supervising or observing any such inventory, or otherwise taking action authorized to be taken by the Franchisor pursuant to this Section 16 2 The Franchisee hereby consents and agrees that the Franchisor may from time to time contact third party vendors to obtain information regarding the Franchisee's account with such vendor- The Franchisor reserves the right to disclose and use data derived from all information received from the Franchisee or third party vendors and may also identify the location of the Restaurant together with the data.

16.3 Books and Records The Franchisee shall maintain all books and records for its TILTED KILT Restaurant in a manner as reasonably prescribed by the Franchisor, shall prepare all annual balance sheets and profit and loss statements in accordance with GAAP, consistently applied, and shall preserve these records for at least 5 years after the fiscal year to which they relate

16 4 Audit of Books and Records The Franchisee shall permit the Franchisor to inspect and audit the books and records of the TILTED KILT Restaurant at any reasonable time, at the Franchisor's expense If any audit discloses a deficiency in amounts for payments owed to the Franchisor pursuant to this Agreement, then such amounts shall become immediately payable to the Franchisor by the Franchisee, with interest from the date such payments were due at the lesser of 1½% per month or the maximum rate allowed by law In the event such inspection or audit is made necessary by the Franchisee's failure to furnish required reports, supporting records or other information, or to furnish such information on a timely basis for two or more consecutive reporting periods, or if the Franchisee has received advance notice from the Franchisor and fails to have the books and records including, without limitation, tax returns, weekly register reading, product mix reports, customer reports, vendor invoices and liquor commission reports and other requested information available for such audit or otherwise fails to cooperate therewith or if an understatement of Gross Sales for the period of any audit is determined by any such audit or inspection to be greater than 2%, the Franchisee shall reimburse the Franchisor for the cost of such audit or inspection, including, without limitation, the charges of attorneys and any independent accountants and the travel expenses, room and board and compensation of the Franchisor's employees

17 TRANSFER

17 1 **<u>Transfer by Franchisee</u>** The Franchisee understands and acknowledges that the rights and duties this Agreement creates are personal to the Franchisee (or to its owners, if the Franchisee is an entity) and that the Franchisor has granted the Franchisee a franchise in reliance upon the Franchisor's perceptions of the Franchisee's (or its owners') individual or collective character, skill, aptitude, attitude, business ability, and financial capacity Accordingly, none of the following may be transferred or assigned without the Franchisor's prior written approval (i) this Agreement (or any interest in this Agreement), (ii) the Restaurant (or any right to receive all or a portion of the Restaurant's profits or losses or capital appreciation related to the Restaurant), (iii) substantially all of the assets of the Restaurant, (iv) any ownership interest in the Franchisee (regardless of its size), (v) any interest or right in the ownership interest of or lease governing the Franchised Location, or (vi) any ownership interest in any of the Franchisee's owners (if such owners are legal entities) A transfer of the Restaurant's ownership, possession, or control, or substantially all of its assets, may be made only with a transfer of this Agreement Any transfer without the Franchisor's approval is a breach of this Agreement and has no effect In this Agreement, the term "transfer" includes a voluntary, involuntary, direct, or indirect assignment, sale, gift, or other disposition An assignment, sale, gift or other disposition includes the following events

(a) transfer of ownership of capital stock, a partnership or membership interest, or another form of ownership interest,

(b) merger or consolidation or issuance of additional securities or other forms of ownership interest,

(c) any sale of a security convertible to an ownership interest,

(d) transfer of an interest in the Franchisee, this Agreement, the Restaurant or substantially all of its assets, or the Franchisee's owners in a divorce, insolvency, or dissolution proceeding or otherwise by operation of law,

(e) if the Franchisee, one of its owners, or an owner of one of Franchisee's owners dies, a transfer of an interest in the Franchisee, this Agreement, the Restaurant or substantially all of its assets, or the Franchisee's owner by will, declaration of or transfer in trust, or under the laws of intestate succession, and

(f) pledge of this Agreement (to someone other than the Franchisor) or of an ownership interest in the Franchisee or the Franchisee's owners as security, foreclosure upon the Restaurant, or the Franchisee's transfer, surrender, or loss of the possession, control, or management of the Restaurant

Additionally, the Franchisee may not pledge this Agreement (to someone other than the Franchisor) or an ownership interest in the Franchisee or its owners as security for any loan or other financing, unless (1) the Franchisor grants its prior written consent and (2) the lender agrees that its claims will be subordinate to all amounts the Franchisee owes at any time to the Franchisor or its affiliates

If the Franchisee intends to list the Restaurant for sale with any broker or agent, the Franchisee shall do so only after obtaining the Franchisor's written approval of the broker or agent and of the listing agreement The Franchisee may not use or authorize the use of any Mark in advertising the transfer or other disposition of the Restaurant or of any ownership interest in the Franchisee without the Franchisor's prior written consent The Franchisee shall not use or authorize the use of, and no third party shall on the Franchisee's behalf use, any written materials to advertise or promote the transfer of the Restaurant or of any ownership interest in the Franchisee without the Franchisor's prior written approval of such materials

17 2 Pre-Conditions to Franchisee's Transfer If the Franchisee and its owners are in full compliance with this Agreement and the Restaurant is open for business, then, subject to the other provisions of this Section 17, the Franchisor will approve a transfer that meets all of the requirements in this Section 17 2 A non-controlling ownership interest in the Franchisee (determined as of the date on which the proposed transfer will occur) may be transferred if the proposed transferee and its direct and indirect owners (if the transferee is an entity) are of good character and meet Franchisor's then applicable standards for Restaurant franchise owners (including no ownership interest in or performance of services for a Competitive Business) For any proposed transfer (including a transfer of this Agreement, a transfer of a "controlling ownership interest" (defined below) in the Franchisee or one of its owners, or a transfer which is one of a series of transfers, regardless of the time period over which these transfers take place, which in the aggregate transfers this Agreement or a controlling ownership interest in the Franchisee or one of its owners) all of the following conditions must be met before or concurrently with the effective date of the transfer

a Payment of all amounts due and owing pursuant to this Agreement by the Franchisee to the Franchisor or its affiliates or to third parties holding a security interest in any asset of the franchised business,

b Agreement by the proposed transferee to satisfactorily complete the training program described in Section 6 1 of this Agreement, which training may be completed by the transferee either prior to or immediately after assignment of this Agreement, at the directive of the Franchisor,

c Execution of a Franchise Agreement by the transferee in a form then currently offered by the Franchisor, which shall supersede this Agreement in all respects, and which shall include but not be limited to, the Franchisor's then-current form of Guaranty and Assumption of Obligations, which must be executed by each of the transferee's owners If a new Franchise Agreement is signed, the terms thereof may differ from the terms of this Agreement, provided, however, the transferee will not be required to pay any additional initial franchise fee,

d Provision by the Franchisee of written notice to the Franchisor 45 days' prior to the proposed effective date of the transfer, such notice to contain information reasonably detailed to enable the Franchisor to evaluate the terms and conditions of the proposed transfer, e The proposed transferee shall have provided information to the Franchisor sufficient for the Franchisor to assess the proposed transferee's business experience, aptitude and financial qualification, and the Franchisor shall have ascertained that the proposed transferee meets such qualifications,

f The Franchisee and the proposed transferee agree, at their sole expense, to upgrade and/or remodel the TILTED KILT Restaurant including, without limitation, the decor, the furniture, fixtures and equipment, the computer hardware and software utilized at the Restaurant and in connection with its operations to conform with the then-current Licensed Methods for new TILTED KILT Restaurants then being developed,

g Execution by Franchisee (and its owners) of a general release, in a form satisfactory to the Franchisor, of any and all known and unknown claims of any kind against the Franchisor, its affiliates and their respective officers, directors, employees and agents,

h Payment by the Franchisee or the proposed transferee of $15,000,

i Agreement by the Franchisee (or transferring owner) to abide by the post-termination covenant not to compete set forth in Section 21 2 below, and

j Consent by the Franchisee for Franchisor to give the transferee copies of any reports that the Franchisee has given the Franchisor or any other information regarding the Franchisee's TILTED KILT Restaurant

A "controlling ownership interest" in the Franchisee or one of its owners (if an entity) means a percentage of the voting shares or other voting rights that is equal to or greater than one hundred percent (100%) divided by the total number of owners

17 3 Franchisor's Approval of Transfer The Franchisor has 45 days from the date of the written notice of the proposed transfer to approve or disapprove in writing, of the Franchisee's proposed transfer The Franchisor's failure to provide written approval or disapproval shall be deemed the Franchisor's disapproval of the proposed transfer The Franchisee acknowledges that the proposed transferee shall be evaluated for approval by the Franchisor based on the same criteria as is currently being used to assess new franchisees of the Franchisor and that such proposed transferee shall be provided, if appropriate, with such disclosures as may be required by state or federal law The Franchisor shall have the right to approve the material terms and conditions of the transfer, including, without limitation, the right to confirm that the price and terms of payment are not so burdensome as to affect adversely the transferee's operation of the Restaurant Transfer permission shall not be unreasonably withheld If the Franchisee (and/or the transferring owners) finance any part of the sale price of the transferred interest, if any, unless waived in writing by the Franchisor, the Franchisee and/or its owners must agree that all obligations of the transferee under or pursuant to any promissory notes, agreements or security interests reserved by the Franchisee or its owners in the assets of the Restaurant or the Franchised Location shall be subordinate to the transferee's obligations to pay Royalties, Advertising Contributions, inventory payments or amounts due to the Franchisor and its affiliates and to otherwise comply with this Agreement In no event may the Franchisee, its owners or any third party take a security interest in the franchise agreement between the Franchisor and the transferee Additionally, the Franchisor shall have the right to interview the proposed transferee as part of the Franchisor's approval process and the Franchisee agrees that the Franchisor shall have the right to discuss matters related to the performance of the Franchised Location with such proposed transferee

17 4 Right of First Refusal In the event the Franchisee wishes to transfer its rights under this Agreement or any interest in it, or any part or portion of any business entity that owns it, or all or a substantial portion of the assets of the TILTED KILT Restaurant, the Franchisee agrees to grant to the Franchisor a 45-day right of first refusal to purchase such rights, interest or assets on the same terms and conditions as are contained in the written offer to purchase submitted to the Franchisee by the proposed purchaser/transferee, provided, however, the following additional terms and conditions shall apply

a The Franchisee shall notify the Franchisor of such offer by sending a written notice to the Franchisor (which notice may be the same notice as required by Section 17 2 d above), enclosing a copy of the written offer or purchase contract from the proposed transferee,

b The 45-day right of first refusal period will run concurrently with the period in which the Franchisor has to approve or disapprove the proposed transferee, provided, however, if additional information or documentation is reasonably requested within this timeframe, the 45-day period will be automatically stayed and will commence running again upon receipt by the Franchisor of the requested information or documentation,

c Such right of first refusal is effective for each proposed transfer and any material change in the terms or conditions of the proposed transfer shall be deemed a separate offer on which a new 45-day right of first refusal shall be given to the Franchisor,

d If the consideration or manner of payment offered by a third party is such that the Franchisor may not reasonably be required to furnish the same, then the Franchisor may purchase the interest which is proposed to be sold for the reasonable cash equivalent In determining the "cash equivalent," there shall be no consideration given to tax benefits or tax consequences to the Franchisee If the parties cannot agree within a reasonable time on the cash consideration, an independent appraiser shall be designated by the Franchisor, whose determination will be binding upon the parties All expenses of the appraiser shall be paid for equally between the Franchisor and the Franchisee,

e If the Franchisor exercises its right of first refusal, the closing on the purchase of such exercise shall be the later of (i) the proposed closing date set forth in the original offeror's offer to purchase, or (ii) 60 days after the date that the Franchisor notifies the Franchisee of its election to exercise its right of first refusal,

f If the Franchisor chooses not to exercise its right of first refusal, the Franchisee shall be free to complete the sale, transfer or assignment, subject to compliance with Sections 17 2 and 17 3 above Absence of a reply to the Franchisee's notice of a proposed transfer within the 45 day period is deemed a waiver of such right of first refusal, and

g Without any obligation to co-sign or guarantee any obligation, the Franchisor shall have the right to assign its right of first refusal to another party including, but not limited to, any affiliate or other franchisee of the Franchisor

17 5 Specific Types of Transfers The Franchisee acknowledges that the Franchisor's right to approve or disapprove of a proposed sale or transfer, and all other requirements and rights related to such proposed sale or transfer, as provided for above, shall apply (1) if the Franchisee is a partnership or other business association, to the addition or deletion of a partner or members of the association or the transfer of any partnership or membership among existing partners or members, (2) if the Franchisee is a corporation or limited liability company, to any proposed transfer or assignment of 5% or more of the ownership interest of the Franchisee, whether such transfer occurs in a single transaction or several transactions, and (3) if the Franchisee is an individual, to the transfer from such individual or individuals to a corporation controlled by them, in which case the Franchisor's approval will be conditioned upon (i) the continuing personal guarantee of the individual (or individuals) for the performance of obligations under this Agreement, (ii) the issuance and/or transfer of shares which would cause a change in ownership of 5% or more of the stock in the corporation being conditioned on the Franchisor's prior written approval, (iii) a limitation on the corporation's business activity to that of operating the TILTED KILT Restaurant and related activities, and (iv) any other conditions reasonably required by the Franchisor With respect to a proposed transfer as described in subsection (3) of this Section, neither the Franchisor's right of first refusal to purchase, as set forth above, nor the transfer fee chargeable to the Franchisee for a transfer, shall apply under these circumstances, provided, however, the Franchisor reserves the right to require the Franchisee to reimburse the Franchisor for any direct costs the Franchisor incurs in connection with documenting and otherwise processing such transfer, including reasonable legal fees

17 6 <u>Assignment by the Franchisor</u> This Agreement is fully assignable by the Franchisor and shall inure to the benefit of any assignee or other legal successor in interest, and the Franchisor shall in such event be fully released from the same

17 7 <u>Franchisee's Death or Disability</u> Upon the death or permanent disability of the Franchisee (or the Principal Owner or other individual controlling the Franchisee entity), the executor, administrator, conservator, guardian or other personal representative of such person shall transfer such person's interest in this Agreement or such interest in the Franchisee entity to an approved third party Such disposition of this Agreement or such interest (including, without limitation, transfer by bequest or inheritance) shall be completed within a reasonable time, not to exceed 180 days from the date of death or permanent disability, and shall be subject to all terms and conditions applicable to transfers contained in this <u>Article 17</u>, provided, however, that for purposes of this <u>Section 17 7</u>, there shall be no transfer fee charged by the Franchisor Failure to transfer the interest in this Agreement or such interest in the Franchisee entity within said period of time shall constitute a breach of this Agreement For the purposes hereof, the term "**permanent disability**" shall mean a mental or physical disability, impairment or condition that is reasonably expected to prevent or actually does prevent the Franchisee or the owner of a controlling interest in the Franchisee entity from supervising the management and operation of the TILTED KILT Restaurant for a period of 120 days from the onset of such disability, impairment or condition

18 TERM AND EXPIRATION

18 1 <u>Term</u> The term of this Agreement is for a period of 20 years from the date of this Agreement, unless sooner terminated as provided herein

18 2 <u>Rights Upon Expiration</u> At the end of the initial term hereof the Franchisee shall have the option to renew its franchise rights for the term of the Franchisor's then current form of Franchise Agreement, which could be more or less than 20 years, by acquiring successor franchise rights, if the Franchisor does not exercise its right not to offer a successor franchise in accordance with <u>Section 18 4</u> and if the Franchisee (and its owners)

a At least 30 days prior to expiration of the term, executes the form of Franchise Agreement then in use by the Franchisor,

b Has complied with all provisions of this Agreement during the current term, including the payment on a timely basis of all Royalties, Advertising Contributions and other fees due hereunder "**Compliance**" shall mean, at a minimum, that the Franchisee has not received any written notification from the Franchisor of breach hereunder more than one (1) time during the term hereof,

c Upgrades and/or remodels the TILTED KILT Restaurant including, without limitation, the decor, the furniture, fixtures and equipment, the computer hardware and software utilized at the Restaurant and its operations at the Franchisee's sole expense (the necessity of which shall be in the sole discretion of the Franchisor) to conform with the then-current Manuals,

d Executes a general release, in a form satisfactory to the Franchisor, of any and all known and unknown claims of any kind whatsoever against the Franchisor and its affiliates, and their respective officers, directors, employees and agents arising out of or relating to this Agreement, and

e Pays a successor franchise fee of 25% of the then-current initial franchise fee for a single (first) franchise

18 3 **Exercise of Option for Successor Franchise** If the Franchisee chooses to exercise Franchisee's option to renew, the Franchisee shall exercise its option for a successor franchise by giving written notice of such exercise to the Franchisor at least 120 days, but not earlier than 180 days, prior to the scheduled expiration of this Agreement The Franchisee's successor franchise rights shall become effective by signing the Franchise Agreement then currently being offered to new franchisees of the Franchisor

18 4 **Conditions of Refusal** The Franchisor shall not be obligated to offer the Franchisee a successor franchise upon the expiration of this Agreement if the Franchisee fails to comply with any of the above conditions of renewal

19 DEFAULT AND TERMINATION

19 1 **Termination by Franchisor - Effective Upon Notice** The Franchisor shall have the right, at its option, to terminate this Agreement and all rights granted the Franchisee hereunder, without affording the Franchisee any opportunity to cure any default (subject to any state laws to the contrary, where state law shall prevail), effective upon receipt of notice by the Franchisee, addressed as provided in Section 25 14 upon the occurrence of any of the following events

a **Abandonment** If the Franchisee ceases to operate the TILTED KILT Restaurant or otherwise abandons the TILTED KILT Restaurant for a period of 3 consecutive days, or any shorter period that indicates an intent by the Franchisee to discontinue operation of the TILTED KILT Restaurant, unless and only to the extent that full operation of the TILTED KILT Restaurant is suspended or terminated due to fire, flood, earthquake or other similar causes beyond the Franchisee's control,

b **Training** If the Franchisee (or its Principal Owner) and its required staff fail to complete the training program to the Franchisor's satisfaction pursuant to the timing requirements under Article 6,

c **Untrained Manager(s)** If an individual serves in the role of General Manager without having completed S T E P Training to the Franchisor's satisfaction, or if there are ever fewer than two managers employed by the Franchisee at the Restaurant who have completed S T E P Training to the Franchisor's satisfaction, d **Insolvency, Assignments** If the Franchisee becomes insolvent or is adjudicated a bankrupt, or if any action is taken by the Franchisee, or by others against the Franchisee under any insolvency, bankruptcy or reorganization act (this provision may not be enforceable under federal bankruptcy law, 11 U S C §§ 101 et seq), or if the Franchisee makes an assignment for the benefit of creditors or a receiver is appointed by the Franchisee,

e **Unsatisfied Judgments, Levy, Foreclosure, Tax Liens** If any material judgment (or several judgments which in the aggregate are material) is obtained against the Franchisee and remains unsatisfied or of record for 30 days or longer (unless a supersedeas or other appeal bond has been filed), or if execution is levied against the Franchisee's business or any of the property used in the operation of the TILTED KILT Restaurant and is not discharged within 5 days, or if the real or personal property of the Franchisee's business shall be sold after levy thereupon by any sheriff, marshal or constable, or if a governmental agency files a lien against the Franchisee or the real or personal property of the Franchisee's business for unpaid taxes and such lien is not removed for 30 days or longer,

f **Arrest or Criminal Conviction** If the Franchisee, a General Manager or any owner, partner, member, or majority stockholder of the Franchisee is arrested for or convicted of a felony, a crime involving moral turpitude, or any crime or offense that is reasonably likely, in the sole opinion of the Franchisor, to materially and unfavorably affect the Licensed Methods, Marks, goodwill or reputation thereof,

g **Failure to Report Sales** If the Franchisee fails to report any sales of products, services, merchandise, event charge or cover charges of any kind or nature sold from, at or in connection with the operation of the Restaurant as described in Section 12 2,

h **Failure to Make Payments** If the Franchisee fails to pay any Royalties, Advertising Contributions required under Article 13, inventory payments, or any other amounts due to the Franchisor, its affiliates, suppliers, vendors, or any third party related to the TILTED KILT Restaurant (including, without limitation, any amounts which may be due as a result of any subleases or lease assignments between the Franchisee and the Franchisor) within 10 days after receiving notice that such fees or amounts are overdue,

i **Misuse of Marks** If the Franchisee misuses or fails to follow the Franchisor's directions and guidelines concerning use of the Franchisor's Marks and fails to correct the misuse or failure within 10 days after notification from the Franchisor,

j **Unauthorized Disclosure** If the Franchisee or any of its owners, directors, officers, agents or employees intentionally or negligently discloses to any unauthorized person the contents of or any part of the Manuals or any other trade secrets or confidential information of the Franchisor,

k. **Repeated Noncompliance** If the Franchisee has received two previous notices of default from the Franchisor and is again in default of this Agreement within a 12 month period, regardless of whether the previous defaults were cured by the Franchisee,

l **Unauthorized Transfer** If the Franchisee sells, transfers or otherwise assigns an interest in the franchise or the Franchisee entity, this Agreement, the TILTED KILT Restaurant or a substantial portion of the assets of the TILTED KILT Restaurant owned by the Franchisee without complying with the provisions of Article 17, m **Health or Safety Violations** If the Franchisee is found to be in violation of any applicable health, safety, sanitation, liquor or handicapped access laws, regulations or codes, by any governmental official, and fails to cure any such violation within 72 hours after receiving notice thereof, regardless of any longer period of time that any governmental authority or agency may have given the Franchisee to cure such violation,

n **Immediate Health or Safety Concern** If the Franchisee creates or allows to exist any condition in or at the Franchised Location that the Franchisor reasonably determines to present an immediate health or safety concern for the Restaurant's customers or employees,

o Refusal to Allow Inspection If the Franchise refuses to allow the Franchisor (or its designee) to inspect the TILTED KILT Restaurant, the Franchised Location, or the Franchisee's books, records, or accounts upon the Franchisor's demand,

p Refusal or Failure to Submit Certificates of Insurance If the Franchisee fails, refuses, or neglects promptly to submit certificates of insurance to the Franchisee within the time required by the Franchisee to do so,

q Failure to Operate in Compliance with Standards and Specifications If the Franchisee fails to operate the Restaurant within the standards and specification set forth in the Manuals,

r **Title VII Violation** If the Franchisee (or any of its owners), the General Manager or any other manager of the Restaurant is determined to be in violation of Title VII of the Civil Rights Act of 1964 (or any successor law) or any similar state law in a civil action or administrative proceeding,

s **Fair Labor Standards Act (FLSA) Violations** If the Franchisee (or any of its owners), the General Manager, or any other manager of the Restaurant is determined to be in violation of the Fair Labor Standards Act or analogous state Wage and Hour law (or any successor laws) in a civil action or administrative proceeding,

t **Misrepresentation** If Franchisee (or any of its owners) have made or makes any material misrepresentation or omission in acquiring the franchise or operating the TILTED KILT Restaurant,

u **Unethical or Dishonest Conduct** If the Franchisee (or any of its owners) engage in any dishonest or unethical conduct which, in the Franchisor's opinion, adversely affects the reputation of the TILTED KILT Restaurant or the goodwill associated with the Marks,

v **Termination of Other Agreements** If any other agreement between the Franchisor (or its affiliate) and the Franchisee (or its Affiliate) is terminated, including, without limitation, any area representation agreement or area development agreement,

w **Right to Occupy Premises** If the Franchisee loses the right to occupy the Franchised Location,

x **Purchase from Non-Approved Vendors or Suppliers** If the Franchisee fails to comply with Section 14 5 by purchasing goods and/or services from non-designated or non-approved vendors or suppliers and fails to cure such noncompliance within 10 days after receiving notice thereof from the Franchisor, y **Non-Compliance with Costume or Other Employee Attire Requirements** If the Franchisee fails to comply with the standards and specifications regarding costumes and other employee attire set forth in Section 13 7 and fails to cure such noncompliance within 10 days after receiving notice thereof from the Franchisor,

z **Competitive Activity** If the Franchisee (or any of its owners, officers or its or their immediate family members) violates the covenant restricting competitive activity set forth in Section 21 1 of this Agreement, or

aa. **Fail to Commence Operations** If the Franchisee fails to meet the required deadline to commence operation of the TILTED KILT Restaurant as set forth in Section 5 8 of this Agreement

19 2 Termination by Franchisor - Thirty Days' Notice The Franchisor shall have the right to terminate this Agreement (subject to any state laws to the contrary, where state law shall prevail), effective upon written notice, if the Franchisee breaches any provision of this Agreement other than those listed in Section 19 1 (including, without limitation, failure to comply with Licensed Methods and the Manuals) and fails to cure the default within 30 days after receipt of written notice

19 3 Assumption of Management The Franchisor (or a third party designated by the Franchisor) has the right (but not the obligation), under circumstances described below, to enter the Franchised Location and assume the management of the TILTED KILT Restaurant for a period of time the Franchisor deems appropriate If the Franchisor (or a third party) assumes the management of the TILTED KILT Restaurant under subparagraphs (a) or (b) below, the Franchisee agrees to pay the Franchisor (in addition the Royalties, Advertising Contributions, and other amounts due under this Agreement) an amount equal to 10% of Gross Sales, plus the Franchisor's (or the third party's) out-of-pocket costs and expenses, after the Franchisor assumes management If the Franchisor (or a third party) assumes the management of the TILTED KILT Restaurant, the Franchisee acknowledges that the Franchisor (or the third party) will have a duty to utilize only reasonable efforts and will not be liable to the Franchisee or its owners for any debts, losses, or obligations that the TILTED KILT Restaurant incurs, or to any of the Franchisee's creditors for any goods and/or services the TILTED KILT Restaurant purchases while the Franchisor (or the third party) manages it

The Franchisor (or a third party) may assume the management of the TILTED KILT Restaurant under the following circumstances (a) if the Franchisee abandons or fails to actively operate the TILTED KILT Restaurant, (b) if the Franchisee fails to comply with any provision of this Agreement or the Licensed Methods and does not cure the failure within the time period the Franchisor specifies in its notice to the Franchisee, or (c) if this Agreement expires or is terminated and the Franchisor is deciding whether to exercise its option to purchase the TILTED KILT Restaurant under Section 19 4 or has decided to exercise such purchase option and desires to assume management of the Restaurant prior to the closing

19 4 Right to Purchase Upon termination or expiration of this Agreement for any reason, the Franchisor shall have the option to purchase the TILTED KILT Restaurant or any portion of the assets of the Restaurant, including but not limited to any or all signs, furniture, fixtures, equipment, decor, doors and/or windows with logos or marks or any other property used in the TILTED KILT Restaurant, which may include, at the Franchisor's option, all of the Franchisee's interest, if any, in and to the real estate upon which the TILTED KILT Restaurant is located, and all buildings and other improvements thereon, including leasehold interests, at fair market value, less any amount apportioned to the goodwill of the TILTED KILT Restaurant which is attributable to the Franchisor's Marks and Licensed Methods, and less any amounts owed to the Franchisor by the Franchisee The following additional terms shall apply to the Franchisor's exercise of this option

a The Franchisor's option hereunder shall be exercisable by providing the Franchisee with written notice of its intention to exercise the option before or within 30 days after the date of termination or expiration The Franchisor shall have an unrestricted right to assign this option to purchase without the requirement that the Franchisor co-sign or guarantee any obligation

b In the event that the Franchisor and the Franchisee cannot agree on the fair market value of the TILTED KILT Restaurant (or the assets that the Franchisor has elected to purchase), then the fair market value shall be determined in good faith by an independent third-party appraisal The Franchisor and the Franchisee shall mutually agree upon an appraiser If the Franchisor and the Franchisee cannot agree on one appraiser, then the Franchisor and the Franchisee shall each select one independent, qualified appraiser, and the two so selected shall select a third appraiser, all 3 to determine the fair market value of the TILTED KILT Restaurant (or the assets that the Franchisor has elected to purchase) If the difference between the appraisal of the Franchisee's appraiser and the independent appraiser is greater than the difference between the appraisal of the Franchisor's appraiser and the independent appraiser, the Franchisee shall pay all costs and expenses of the three appraisers Otherwise, all expenses of the third appraiser shall be equally shared by the Franchisor and the Franchisee, and the Franchisor and the Franchisee shall each be responsible for the expenses incurred by their respective appraisers

c The Franchisor and the Franchisee agree that the terms and conditions of this right and option to purchase may be recorded, if deemed appropriate by the Franchisor, in the real property records The Franchisor and the Franchisee further agree to execute such additional documentation as may be necessary and appropriate to effectuate such recording, and

d The Franchisor shall set the closing for the purchase of the TILTED KILT Restaurant (or that portion of assets that the Franchisor has chosen to purchase) to take place no later than 60 days after the termination or nonrenewal date At the Franchisor's option, the Franchisee shall continue the Restaurant operations by extension of this Agreement through the closing date The Franchisor will pay the purchase price in full at the closing, or, at its option, in 72 equal consecutive monthly installments with interest at a rate of five percent (5%) per annum The Franchisee must sign all documents of assignment and transfer as are reasonably necessary for purchase of the TILTED KILT Restaurant or its assets by the Franchisor

19 5 <u>Obligations of Franchisee Upon Termination or Expiration</u> The Franchisee is obligated upon termination or expiration of this Agreement to immediately

a Pay to the Franchisor all Royalties, Advertising Contributions, other fees, and any and all amounts or accounts payable then owed the Franchisor or its affiliates pursuant to this Agreement, or pursuant to any other agreement, whether written or oral, including subleases and lease assignments, between the parties,

b Cease to identify itself as a TILTED KILT franchisee, refrain from identifying itself as a former TILTED KILT franchisee or identifying a prior TILTED KILT Restaurant as a former TILTED KILT Restaurant, and cease use of any of the Franchisor's trade secrets, recipes, signs, symbols, devices, trade names, trademarks or other materials, c If the Franchisor does not exercise its option to purchase the business and continue operations of the Restaurant described in Section 19 4 above, cease to identify the Franchised Location as being, or having been, associated with the Franchisor and, if deemed necessary by the Franchisor, paint or otherwise change the interior and exterior of the Restaurant to distinguish it from a TILTED KILT Restaurant and immediately cease using any proprietary mark of the Franchisor or any mark in any way associated with the Marks and Licensed Methods,

d In a manner approved by the Franchisor, and at Franchisee's sole expense, deliver all branded doors, branded windows, decor, signs, sign-faces, supplies, advertising materials, forms and other materials bearing any of the Marks, including but not limited to any Collateral (defined in Section 24 1) containing the Marks, or otherwise identified with the Franchisor and obtained by and in connection with this Agreement to the Franchisor,

e Immediately cease the use of any and all of the Franchisor's proprietary property and immediately deliver to the Franchisor the Manuals and all other information, software, documents and copies thereof which are proprietary to the Franchisor, including but not limited to all customer information contained in computer databases or otherwise Upon termination or expiration of this Agreement or abandonment of the Restaurant as described in Section 19 1(a), the Franchisor has the right to immediately terminate the Franchisee's access to the Franchisor's or its affiliates' proprietary property by removing or deleting the Restaurant's database without being liable to the Franchisee (including, but not limited to, any consequential damages to the point-of-sale system or any computer programs or systems),

f Promptly take such action as may be required to cancel all fictitious or assumed names or equivalent registrations relating to its use of any Marks which are under the exclusive control of the Franchisor or, at the option of the Franchisor, assign the same to the Franchisor,

g Notify the telephone company and all telephone directory publishers of the termination or expiration of the Franchisee's right to use any telephone number and any regular, classified or other telephone directory listings associated with any Mark and to authorize transfer thereof to the Franchisor or its designee The Franchisee acknowledges that, as between the Franchisee and the Franchisor, the Franchisor has the sole rights to and interest in all telephone, telecopy or facsimile machine numbers and directory listings associated with any Mark The Franchisee authorizes the Franchisor, and hereby appoints the Franchisor and any of its officers as the Franchisee's attorney-in-fact, to direct the telephone company and all telephone directory publishers to transfer any telephone, telecopy or facsimile machine numbers and directory listings relating to the TILTED KILT Restaurant to the Franchisor or its designee, should the Franchisee fail or refuse to do so, and the telephone company and all telephone directory publishers may accept such direction or this Agreement as conclusive of the Franchisor's exclusive rights in such telephone numbers and directory listings and the Franchisor's authority to direct their transfer,

h If applicable, take such action as may be required to remove from the Internet all sites and social media accounts referring to the Franchisee's former TILTED KILT Restaurant or any of the Marks and to cancel or assign to the Franchisor, in the Franchisor's sole discretion, all rights to any social media accounts or domain names for any sites on the Internet that refer to the Franchisee's former TILTED KILT Restaurant or any of the Marks, and

i Abide by all restrictive covenants set forth in Article 21 of this Agreement and, if exercised by the Franchisor, the Franchisor's option to purchase described in Section 19 4 of this Agreement

19 6 **Remedy Upon Termination** In the event this Agreement is terminated by the Franchisor prior to its expiration as set forth in Sections 19 1 and 19 2 or if the Franchisee terminates this Agreement prior to its expiration without cause, the parties agree that it would be difficult if not impossible to determine the amount of damages that the Franchisor would suffer due to the loss or interruption of the revenue stream the Franchisor otherwise would have derived from the Franchisee's continued payment of Royalties and that the Advertising Fund and LAG would have otherwise derived from the Franchisee's continued contributions to those funds, less any cost savings, through the remainder of the term of this Agreement (the "**Damages**") Therefore, the parties agree that a reasonable estimate of the Damages is, and the Franchisee agrees to pay the Franchisor as compensation for the Damages, an amount equal to the then net present value of the Royalty fees, Advertising Fund contributions and LAG contributions that would have become due had the Agreement not been terminated for the period of time (the "**Measurement Period**") equal to the lesser of (a) the date of termination to the scheduled expiration date of this Agreement or (b) five (5) years For this purpose, Damages shall be calculated by multiplying (1) the number of calendar months in the Measurement Period by (2) the aggregate percentages of the Royalty fees, Advertising Fund contributions, and LAG contributions by (3) the average monthly Gross Sales of the TILTED KILT Restaurant during the 12 full calendar months immediately preceding the termination date, however, if as of the termination date, the TILTED KILT Restaurant has not been operating for at least 12 months, Damages will be calculated based on the average monthly Gross Sales during the Franchisor's previous fiscal year immediately preceding the termination date of all Restaurants operating under the Marks during the entirety of that fiscal year The Franchisor and the Franchisee agree that the calculation described in this Section is a calculation only of the Damages and that nothing herein shall preclude or limit the Franchisor from proving and recovering any other damages caused by the Franchisee's breach of the Agreement

19 7 **Franchisor's Right to Cure** In the event the Franchisee fails to cure any failure to comply with the terms of this Agreement following the date of written notice from the Franchisor of such failure and within the period for cure, the Franchisor shall have the right, but not the obligation, to cure such failure and the Franchisee shall promptly reimburse the Franchisor for all costs and expenses incurred by the Franchisor to effect such cure

20 BUSINESS RELATIONSHIP

20 1 **Independent Businesspersons** The parties acknowledge that each of them are independent businesspersons, that their only relationship is by virtue of this Agreement and that no fiduciary relationship is created hereunder Neither party is liable or responsible for the other's debts or obligations, nor shall either party be obligated for any injury or damages to any person or property directly or indirectly arising out of the operation of the other party's business authorized by or conducted pursuant to this Agreement Neither the Franchisor nor the Franchisee will hold themselves out to be the agent, employer or partner of the other and neither the Franchisor nor the Franchisee has the authority to bind or incur liability on behalf of the other

20 2 **Payment of Third Party Obligations** The Franchisor shall have no liability for the Franchisee's obligations to pay any third parties, including without limitation, any product vendors, or any sales, use, service, occupation, excise, gross receipts, income, property or other tax levied upon the Franchisee, the Franchisee's property, the TILTED KILT Restaurant or upon the Franchisor in connection with the sales made or business conducted by the Franchisee (except any taxes the Franchisor is required by law to collect from the Franchisee with respect to purchases from the Franchisor)

20 3 **Indemnification** The Franchisee shall indemnify, defend and hold harmless the Franchisor, its subsidiaries, parents and affiliates, and their respective shareholders, directors, officers, managers, members, employees, agents, successors and assignees (the "**Indemnified Parties**"), against,

and to reimburse them for all claims, obligations and damages described in this Section 20 3, any and all third party obligations described in Section 20 2 and any and all claims and liabilities directly or indirectly arising out of the operation of the TILTED KILT Restaurant or arising out of the use of the Marks and Licensed Methods in any manner not in accordance with this Agreement For purposes of this indemnification, claims shall mean and include all obligations, actual and consequential damages and costs reasonably incurred in the defense of any claim against the Indemnified Parties, including, without limitation, reasonable accountants', attorneys' and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses The Franchisor shall have the right to defend any such claim against it This indemnity shall continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement

21 RESTRICTIVE COVENANTS

21 1 **Non-Competition During Term** The Franchisee acknowledges that, in addition to the license of the Marks hereunder, the Franchisor has also licensed commercially valuable information which comprises and is a part of the Licensed Methods, including without limitation, operations, marketing, advertising and related information and materials and that the value of this information derives not only from the time, effort and money which went into its compilation, but from the usage of the same by all the franchisees of the Franchisor using the Marks and Licensed Methods Therefore, other than the TILTED KILT Restaurant licensed herein or authorized by separate agreement with the Franchisor, neither the Franchisee nor any of the Franchisee's officers, directors, shareholders, members, managers or partners, nor any member of his or their immediate families, shall during the term of this Agreement

a have any direct or indirect controlling interest as a disclosed or beneficial owner in a "Competitive Business" as defined below,

b perform services as a director, officer, manager, employee, consultant, lessor, representative, agent or otherwise for a Competitive Business, or

c divert or attempt to divert any business related to, or any customer or account of the TILTED KILT Restaurant, the Franchisor's business or any other TILTED KILT franchisee's business, by direct inducement or otherwise, or divert or attempt to divert the employment of any employee of the Franchisor or another franchisee licensed by the Franchisor to use the Marks and Licensed Methods, to any Competitive Business by any direct inducement or otherwise

The term "**Competitive Business**" as used in this Agreement shall mean any business (i) offering dine-in services, traditional pub fare (including, without limitation, hamburgers, chicken wings, and/or chicken tenders), and alcoholic beverages or (ii) granting franchises or licenses for the operation of a business described in subsection (i) of this definition Notwithstanding the foregoing, the Franchisee shall not be prohibited from (i) owning securities in a Competitive Business if such securities are listed on a stock exchange or traded on the over-the-counter market and represent 5% or less of that class of securities issued and outstanding, or (ii) operating another non-competing business ("**Other Business**") the Franchisor has approved in writing as set forth in Exhibit A attached hereto

21 2 **Post-Termination Covenant Not to Compete** Upon expiration or termination of this Agreement for any reason, the Franchisee and its officers, directors, shareholders members, managers and/or partners agree that, for a period of 2 years commencing on the effective date of termination or expiration, or the date on which the Franchisee ceases to conduct business, whichever is later, neither Franchisee nor its officers, directors, shareholders, members, managers and/or partners shall have any direct or indirect interest (through a member of any immediate family of the Franchisee or its owners or otherwise) as a disclosed or beneficial owner, investor, partner, director, officer, employee, consultant, lessor, representative or agent or in any other capacity in any Competitive Business, defined in Section 21 1 above, located or operating within a 5 mile radius of the Franchised Location The restrictions of this Section 21 2 shall not be applicable to the ownership of shares of a class of securities listed on a stock exchange or traded on the over-the-counter market that represent 5% or less of the number of shares of that class of securities issued and outstanding The Franchisee and its officers, directors, shareholders, members, managers and/or partners acknowledge that they possess skills and abilities of a general nature and have other opportunities for exploiting such skills Consequently, enforcement of the covenants made in this Section 21 2 will not deprive them of their personal goodwill or ability to earn a living

21.3 Confidentiality of Proprietary Information The Franchisee shall treat all information it receives which comprises or is a part of the Licensed Methods licensed hereunder as proprietary and confidential and will not use such information in an unauthorized manner or disclose the same to any unauthorized person without first obtaining the Franchisor's prior written consent The Franchisee acknowledges that the Licensed Methods have valuable goodwill attached to them, that the protection and maintenance thereof is essential to the Franchisor and that any unauthorized use or disclosure of the Licensed Methods will result in irreparable harm to the Franchisor The Franchisee acknowledges and agrees that the ' Licensed Methods" shall include any and all data stored using the Computer System

21 4 Nondisclosure and Noncompetition Agreement The Franchisor reserves the right to require that the Franchisee cause each of its officers, directors, partners, shareholders, members, managers, employees, agents, and independent contractors, and, if the Franchisee is an individual, immediate family members, to execute a Nondisclosure and Noncompetition Agreement containing the covenants described in this Article 21, in a form approved by the Franchisor The Franchisee acknowledges that any form of Nondisclosure and Noncompetition Agreement that the Franchisor approves or provides to the Franchisee may or may not be enforceable in a particular jurisdiction The Franchisee agrees that the Franchisee is solely responsible for obtaining its own professional advice with respect to the adequacy of the terms and provisions of any Nondisclosure and Noncompetition Agreement that the Franchisee's officers, directors, partners, shareholders, members, managers, employees, agents, independent contractors, and, immediate family members sign

21 5 Non-Solicitation During the term of this Agreement and for a period of 12 months following termination or expiration of this Agreement, the Franchisee shall not solicit the employment of any individuals who are then-currently, or were previously, employed by the Franchisor or other franchisees of the Franchisor

21 6 Non-Disparagement During the term of this Agreement and after its termination (for any reason) or expiration, Franchisee agrees not to (and to use its best efforts to cause its shareholders, members, officers, directors, principals, agents, partners, employees, representatives, attorneys, spouses, Affiliates, successors and assigns not to) disparage or otherwise speak or write negatively, directly or indirectly, of the Franchisor, its affiliates, any of its or its affiliates' owners, directors, officers, employees, representatives or affiliates, the "TILTED KILT" brand, the Licensed Methods, any TILTED KILT Restaurant, any business using the Marks, or take any other action which would subject the TILTED KILT brand to ridicule, scandal, reproach, scorn, or indignity, or which would negatively impact the goodwill of Franchisor or the TILTED KILT brand

21 7 Interpretation All parties to this Agreement acknowledge that this Article has been fully negotiated and has been entered into freely If any provision of this Article 21 shall be held to be invalid by any tribunal, the terms of said invalid provision shall be modified to the least possible extent so as to make the provision valid This Article shall not be interpreted against either party as drafter

22 INSURANCE

22 1 **Insurance Coverage** The Franchisee shall procure (i) commercial general liability insurance for the Franchised Location and its operations with a limit of not less than $3,000,000 combined single limit, or such greater limit as may be required as a part of any lease agreement for the Franchised Location, (ii) liquor liability insurance of not less than $3,000,000 or the state required coverage, whichever is higher, (iii) automobile liability insurance including owned and non-owned automobile insurance, covering all employees of the Restaurant with authority to operate a motor vehicle in an amount not less than $3,000,000 or, with the Franchisor's prior written consent, such lesser amount as may be available at a commercially reasonable rate, but in no event less than any statutorily imposed minimum coverage, (iv) unemployment and worker's compensation insurance with a broad form all-states endorsement coverage sufficient to meet the requirements of the laws or coverage in an amount not less than $1,000,000, (v) all-risk personal property insurance in an amount equal to at least 100% of the replacement costs of the contents and tenant improvements located at the Restaurant, (vi) employment practices liability insurance ("EPLI") (including third party) with a limit of not less than $1,000,000, a deductible/SIR of $25,000, and a $100,000 sublimit for defense of the Franchisor, covering (1) acts and omissions of third parties (including punitive damages), (2) Fair Labor Standards Act and wage and hour claims with a minimum $150,000 sublimit, (3) Immigration Reform and Control Act (IRCA) claims with a minimum $25,000 defense sublimit, and (4) claims arising from acts of terrorism (to include punitive damages), and (vii) such other types of insurance and minimum coverage amounts as the Franchisor specifies from time to time Notwithstanding the foregoing requirements, the Franchisee must maintain insurance in amounts and types sufficient to meet all federal, state and local requirements applicable to operating a TILTED KILT Restaurant The Franchisee acknowledges and agrees that the Franchisor may periodically increase the amounts of coverage required under these insurance policies and/or require different or additional insurance coverage at any time to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards, or other relevant changes in circumstances All of the required policies of insurance shall name the Franchisor and, if applicable, the Area Representative, as an additional insured, using the form of endorsement that the Franchisor has approved, and shall provide for a 30-day advance written notice to the Franchisor of cancellation, termination or any amendment The dollar amounts of insurance coverage required in this Section 22 1 are only minimums and are not representations or warranties of any kind that such coverage is sufficient for the operation of a TILTED KILT Restaurant – the Franchisee needs to make an independent determination as to whether increased amounts or additional types of insurance are appropriate or required by applicable law The Franchisor's minimum requirements represent only the minimum coverage that the Franchisor deems acceptable to protect its interests The Franchisor is not responsible if the Franchisee sustains losses that exceed the Franchisee's insurance coverage under any circumstances

No insurance coverage that the Franchisee or any other party maintains will be deemed a substitute for the Franchisee's indemnification obligations to the Franchisor or its affiliates under Section 20 3 or otherwise

22 2 **Proof of Insurance Coverage** The Franchisee will provide proof of insurance to the Franchisor prior to commencement of operations at its TILTED KILT Restaurant and upon the Franchisor's request This proof will show that the insurer has been authorized to inform the Franchisor in the event any policies lapse or are cancelled Noncompliance with the insurance provisions set forth in this Article 22 shall be deemed a material breach of this Agreement, in the event of any lapse in insurance coverage, in addition to all other remedies, the Franchisor shall have the right to either (a) demand that the Franchisee cease operations of the TILTED KILT Restaurant until coverage is reinstated, or (b) pay any delinquencies in premium payments and charge the same back to the Franchisee or secure an appropriate insurance coverage policy on the Franchisee's behalf and charge the Franchisee the policy premiums and the Franchisee's costs of securing the policy

23 ARBITRATION

23 1 **Arbitration** The Franchisor and the Franchisee agree that all controversies, disputes, or claims between the Franchisor and its affiliates (and their respective shareholders, members, officers, directors, agents, and/or employees), on the one hand, and the Franchisee (and /or its owners, guarantors, Affiliates, and/or employees), on the other hand, arising out of or related to

a this Agreement or any other agreement between the Franchisor (or any of its affiliates) and the Franchisee (or any of its owners or Affiliates),

b the Franchisor's relationship with the Franchisee,

c the scope or validity of this Agreement or any other agreement between the Franchisee (or any of its owners or Affiliates) and the Franchisor (or any of its affiliates) or any provision of any of such agreements (including the validity and scope of the arbitration obligation under this Section 23 1, which the Franchisor and the Franchisee acknowledge is to be determined by an arbitrator, not a court), or

d any Licensed Method,

must be submitted for binding arbitration, on demand of either party, to the American Arbitration Association (**AAA**") The arbitration proceedings will be conducted by one arbitrator and, except as this Section 23 1 otherwise provides, according to the then-current Commercial Arbitration Rules of the AAA All proceedings will be conducted at a suitable location chosen by the arbitrator in or within a 50-mile radius of the Franchisor's then-current principal place of business (currently, Tempe, Arizona) All matters relating to arbitration will be governed by the United States Federal Arbitration Act (9 U S C §§ 1 et seq) Judgment upon the arbitrator's award may be entered in any court of competent jurisdiction

The arbitrator has the right to award or include in his or her award any relief which he or she deems proper, including, without limitation, money damages (with interest on unpaid amounts from the date due), specific performance, injunctive relief, and attorneys' fees and costs, provided that the arbitrator may not declare any of the trademarks owned by the Franchisor or the Franchisor's affiliates generic or otherwise invalid or, except as expressly provided in Section 25 12, award any punitive, exemplary, or multiple damages against any party to the arbitration proceeding (the Franchisor and the Franchisee hereby waiving to the fullest extent permitted by law, except as expressly provided in Section 25 12, any right to or claim for any punitive, exemplary or multiple damages against the other)

The Franchisor and the Franchisee agree to be bound by the provisions of any applicable contractual or statutory limitations provision, whichever expires earlier The Franchisor and the Franchisee further agree that, in any arbitration proceeding, each party must submit or file any claim which would constitute a compulsory counterclaim (as defined by Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding Any claim which is not submitted or filed as required will be forever barred The arbitrator may not consider any settlement discussions or offers that might have been made by either the Franchisee or the Franchisor

The Franchisor and the Franchisee agree that arbitration will be conducted on an individual basis and that an arbitration proceeding between the Franchisor and its affiliates, and/or their respective shareholders, officers, directors, agents, and employees, on the one hand, and the Franchisee (or its owners, guarantors, Affiliates, and employees) may not be (i) conducted on a class-wide basis, (ii) commenced, conducted or consolidated with any other arbitration proceeding, or (iii) brought on the Franchisee's (or its owners', guarantors', Affiliates', and employees') behalf by any association or agent

Notwithstanding the foregoing or anything to the contrary in this Section 23 1 or 25 13, if any court or arbitrator determines that all or any part of the preceding sentence is unenforceable with respect to a dispute, controversy or claim that otherwise would be subject to arbitration under this Section, then all parties agree that this arbitration clause shall not apply to that dispute, controversy or claim and that such dispute, controversy or claim shall be resolved in a judicial proceeding in accordance with the dispute resolution provisions of this Agreement

Despite the Franchisor and the Franchisee's agreement to arbitrate, the Franchisor and the Franchisee each have the right in a proper case to seek temporary restraining orders and temporary or preliminary injunctive relief from a court of competent jurisdiction, provided, however, that the Franchisor and the Franchisee must contemporaneously submit their dispute for arbitration on the merits as provided in this Section 23 1

The Franchisee and the Franchisor agree that, in any arbitration arising as described in this Section, requests for documents shall be limited to documents that are directly relevant to significant issues in the case or to the case's outcome, shall be restricted in terms of time frame, subject matter and persons or entities to which the requests pertain, and shall not include broad phraseology such as "all documents directly or indirectly related to" The Franchisee and the Franchisor further agree that no interrogatories or requests to admit shall be propounded With respect to any electronic discovery, the Franchisee and the Franchisor agree that

a. production of electronic documents need only be from sources used in the ordinary course of business No such documents shall be required to be produced from back-up servers, tapes or other media,

b production of electronic documents shall normally be made on the basis of generally available technology in a searchable format which is usable by the party receiving the documents and convenient and economical for the producing party Absent a showing of compelling need, the parties need not produce metadata, with the exception of header fields for email correspondence,

c the description of custodians from whom electronic documents may be collected shall be narrowly tailored to include only those individuals whose electronic documents may reasonably be expected to contain evidence that is material to the dispute, and

d where the costs and burdens of electronic discovery are disproportionate to the nature of the dispute or to the amount in controversy, or to the relevance of the materials requested, the arbitrator shall either deny such requests or order disclosure on condition that the requesting party advance the reasonable cost of production to the other side, subject to allocation of costs in the final award as provided herein

In any arbitration arising out of or related to this Agreement, each side may take no more than three depositions Each side's depositions are to consume no more than a total of 15 hours, and each deposition shall be limited to 5 hours There are to be no speaking objections at the depositions, except to preserve privilege

The provisions of this Section 23 1 are intended to benefit and bind certain third party non-signatories and will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement

Any provisions of this Agreement below that pertain to judicial provisions shall be subject to the agreement to arbitration contained in this Section 23 1

23 2 Governing Law/Consent to Jurisdiction Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U S C Sections 1051 et seq), the Federal Arbitration Act, or other federal law, this Agreement shall be interpreted under the laws of the state of Arizona and any dispute between the parties shall be governed by and determined in accordance with the substantive laws of the state of Arizona, which laws shall prevail in the event of any conflict of law, provided that any law regulating the sale of franchises or governing the relationship of a franchisor and its franchisee will not apply unless its jurisdictional requirements are met independently without reference to this paragraph SUBJECT TO SECTION 23 1, THE FRANCHISOR AND THE FRANCHISEE (AND EACH OWNER) AGREE THAT ALL ACTIONS ARISING UNDER THIS AGREEMENT OR OTHERWISE AS A RESULT OF THE RELATIONSHIP BETWEEN THE FRANCHISOR AND THE FRANCHISEE MUST BE COMMENCED EXCLUSIVELY IN STATE OR FEDERAL COURT CLOSEST TO WHERE FRANCHISOR'S PRINCIPAL OFFICE THEN IS LOCATED (CURRENTLY LOCATED IN TEMPE, ARIZONA), AND THE FRANCHISOR AND THE FRANCHISEE (AND EACH OWNER) IRREVOCABLY CONSENT TO THE JURISDICTION OF THOSE COURTS AND WAIVE ANY OBJECTION TO EITHER THE JURISDICTION OF OR FORUM IN THOSE COURTS

23 3 Injunctive Relief The Franchisor and the Franchisee will each have the right in a proper case to obtain injunctive relief (subject to the parties' obligation to arbitrate the underlying claim under Section 23 1) in addition to such further or other relief as may be available at law or in equity The Franchisee agrees that the Franchisor may obtain such injunctive relief, without posting a bond The Franchisee further agrees that the Franchisee's only remedy if an injunction is entered against the Franchisee will be the dissolution of that injunction, if warranted, upon due hearing (all claims for damages by injunction being expressly waived hereby)

24 SECURITY INTEREST

24 1 Security Interest To secure payment and performance of the Obligations, defined in Section 24 2 below, the Franchisee grants to the Franchisor a continuing security interest in the following "**Collateral**" which shall consist of all of the following properties, assets and rights of Franchisee all goods (including inventory, equipment, furniture and signs), accounts, fixtures, and contract rights (including interests under all real and personal property leases) of or relating to the Restaurant, wherever located, now owned or hereafter acquired, and in all improvements, attachments, additions, accessions, replacements and substitutions thereto and proceeds and products therefrom, including but not limited to, cash derived from the operation of the Restaurant

24 2 Obligations "**Obligations**" shall mean

a All obligations, including payments for inventory, equipment and supplies, obligations and payments under this Agreement and other agreements between the Franchisor, its affiliates and the Franchisee and other amounts and obligations owed to the Franchisor

b All expenditures of any kind or nature made by the Franchisor to preserve the Collateral, including, but not limited to, all amounts paid to discharge taxes, liens, security interests and any other encumbrances against the Collateral, and to repair any damage to the Collateral or otherwise preserve or maintain the Collateral and all insurance thereon

c All expenditures made or incurred by the Franchisor pursuant to the provisions of any credit agreements, any promissory notes and this Agreement d All other indebtedness, obligations and liabilities of the Franchisee to the Franchisor, its affiliates or other third parties, direct or indirect, absolute or contingent, due or to become due, whether now existing or hereafter arising

24 3 **Authorization to File Financing Statements** The Franchisee hereby irrevocably authorizes the Franchisor at any time and from time to time to file in any filing office in any Uniform Commercial Code jurisdiction any initial financing statements and amendments thereto and to furnish any information relating to such filings to the Franchisor promptly upon the Franchisor's request The Franchisee further agrees, at the request and option of the Franchisor, to take any and all other actions the Franchisor may determine to be necessary or useful for the attachment, perfection and first priority of, and the ability of the Franchisor to enforce, the Franchisor's security interest in any and all of the Collateral

24 4 **Possession of Collateral** Upon default and termination of the Franchisee's rights under this Agreement, the Franchisor shall have the immediate right to possession and use of the Collateral

24 5 **Remedies** Upon the occurrence of any event of default set forth above or upon the occurrence of any other default in payment or performance of any Obligations for which this security interest is granted, the Franchisor shall have, in addition to all other rights and remedies, the remedies of a secured party under the Uniform Commercial Code as then in effect in the state in which the Restaurant is located ("**UCC**"), regardless of whether the UCC applies to the security transactions covered by this Agreement, including without limitation the right to accelerate the maturity of the obligations, without notice or demand, and to take possession of the Collateral and any proceeds thereof wherever located The Franchisee shall assemble the Collateral and make the Collateral and all records relating thereto available to the Franchisor at a place to be designated by the Franchisor that is reasonably convenient for both parties If notice is required, the Franchisor shall give to the Franchisee at least 5 business days prior written notice of the time and place of any public sale of the Collateral or of the time after which any private sale or any other intended disposition is to be made The Franchisee hereby acknowledges that 5 business days prior written notice of such sale or sales shall be reasonable notice During the time that the Franchisor is in possession of the Collateral, and to the extent permitted by law, the Franchisor shall have the right to hold, use, operate, manage and control all or any part of the Collateral, to make all such repairs, replacements, alterations, additions and improvements to the Collateral as it may deem proper, and to demand, collect and retain all earnings, proceeds from such use and all other costs, expenses, charges, damage or loss by reason of such use

25 MISCELLANEOUS PROVISIONS

25 1 **National Consumer Price Index** Commencing on the fifth (5th) anniversary of the Effective Date, and for each five-year period thereafter, the Franchisor may adjust any amount in this Agreement that is set forth in dollars and/or cents in proportion to the five-year change in the National Consumer Price Index – All Urban Consumers as reported each calendar year in the U S Department of Labor (or successor index or agency thereto) using 2011 as the base year, and as so adjusted will apply to all amounts stated herein as dollars and/or cents

25 2 **Modification** The Franchisor and/or the Franchisee may modify this Agreement only upon execution of a written agreement between the two parties The Franchisee acknowledges that the Franchisor may modify its standards, specifications and operating and marketing procedures set forth in the Manuals unilaterally under any conditions and to the extent in which the Franchisor, in its sole discretion, deems necessary

25.3 **Entire Agreement** This Agreement, including all exhibits and addenda, contains the entire agreement between the parties and supersedes any and all prior agreements concerning the subject matter hereof The Franchisee agrees and understands that the Franchisor shall not be liable or obligated for any oral representations or commitments made prior to the execution hereof or for claims of negligent or fraudulent misrepresentation based on any such oral representations or commitments and that no modifications of this Agreement shall be effective except those in writing and signed by both parties The Franchisor does not authorize and will not be bound by any representation of any nature other than those expressed in this Agreement and in the most recent franchise disclosure document provided by the Franchisor or its representatives Nothing in this Agreement or in any related agreement, however, is intended to disclaim the representations Franchisor made in the franchise disclosure document that the Franchisor furnished to the Franchisee The Franchisee further acknowledges and agrees that no representations have been made to it by the Franchisor regarding projected sales volumes, market potential, revenues, or profits of the Franchisee's TILTED KILT Restaurant, other than as stated in this Agreement or in the most recent franchise disclosure document provided by the Franchisor or its representatives

25 4 **Delegation by the Franchisor** From time to time, the Franchisor shall have the right to delegate the performance of any portion or all of its obligations and duties hereunder to third parties, whether the same are agents of the Franchisor or Area Representatives or independent contractors which the Franchisor has contracted with to provide such services The Franchisee agrees in advance to any such delegation by the Franchisor of any portion or all of its obligations and duties hereunder

25 5 **Effectiveness** Notwithstanding the Effective Date set forth in the introductory paragraph of this Agreement, this Agreement shall not be effective until accepted by the Franchisor as evidenced by dating and signing by an officer or manager of the Franchisor

25 6 **Opportunity for Review** The Franchisee acknowledges that it had a copy of the TILTED KILT Franchise Disclosure Document for a period of time not less than 14 calendar days during which time the Franchisee has had the opportunity to submit same for professional review and advice of the Franchisee's choosing prior to freely executing this Agreement

25 7 **Costs and Attorneys' Fees** If either party initiates a judicial or other proceeding, the prevailing party in such proceeding shall be entitled to reimbursement of its costs and expenses, including reasonable attorneys' fees

25 8 **No Waiver** No waiver of any condition or covenant contained in this Agreement or failure to exercise a right or remedy by the Franchisor or the Franchisee shall be considered to imply or constitute a further waiver by the Franchisor or the Franchisee of the same or any other condition, covenant, right or remedy

25 9 **No Right to Set Off** The Franchisee shall not be allowed to set off amounts owed to the Franchisor for Royalties, Advertising Contributions, fees or other amounts due hereunder, against any monies owed to the Franchisee, nor shall the Franchisee in any event withhold such amounts due to any alleged nonperformance by the Franchisor hereunder, which right of set off is hereby expressly waived by the Franchisee

25 10 **Class Action Bar** **THE PARTIES AGREE THAT CLAIMS OF ANY OTHER PARTY OR PARTIES SHALL NOT BE JOINED WITH ANY CLAIMS ASSERTED IN ANY ACTION OR PROCEEDING BETWEEN THE FRANCHISOR AND THE FRANCHISEE NO CLAIMS MAY BE BROUGHT ON THE FRANCHISEE'S OR ITS OWNERS' BEHALF BY ANY ASSOCIATION OR AGENT**

25 11 Limitation of Claims EXCEPT FOR CLAIMS ARISING FROM FRANCHISEE'S NON-PAYMENT OR UNDERPAYMENT OF AMOUNTS THE FRANCHISEE OWES THE FRANCHISOR OR ITS AFFILIATE, ANY AND ALL CLAIMS ARISING OUT OF OR RELATING TO THIS AGREEMENT OR FRANCHISOR'S RELATIONSHIP WITH THE FRANCHISEE WILL BE BARRED UNLESS A JUDICIAL OR ARBITRATION PROCEEDING IS COMMENCED WITHIN 1 YEAR FROM THE DATE ON WHICH THE PARTY ASSERTING THE CLAIM KNEW OR SHOULD HAVE KNOWN OF THE FACTS GIVING RISE TO THE CLAIMS

25 12 Waiver of Punitive Damages and Jury Trial EXCEPT FOR THE FRANCHISEE'S OBLIGATION TO INDEMNIFY THE FRANCHISOR FOR THIRD PARTY CLAIMS UNDER SECTION 20 3, AND EXCEPT FOR PUNITIVE, EXEMPLARY OR MULTIPLE DAMAGES AVAILABLE TO EITHER PARTY UNDER UNITED STATES FEDERAL LAW, THE FRANCHISOR AND THE FRANCHISEE (AND ITS OWNERS) WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO OR CLAIM FOR ANY PUNITIVE, EXEMPLARY OR MULTIPLE DAMAGES AGAINST THE OTHER AND AGREE THAT, IN THE EVENT OF A DISPUTE BETWEEN THE FRANCHISOR AND THE FRANCHISEE, THE PARTY MAKING A CLAIM WILL BE LIMITED TO EQUITABLE RELIEF AND TO RECOVERY OF ANY ACTUAL DAMAGES IT SUSTAINS

THE FRANCHISOR AND THE FRANCHISEE WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER PARTY

25 13 Invalidity/Substitution of Valid Provisions If any provision of this Agreement is held invalid by any tribunal in a final decision from which no appeal is or can be taken, such provision shall be deemed modified to eliminate the invalid element and, as so modified, such provision shall be deemed a part of this Agreement as though originally included The remaining provisions of this Agreement shall not be affected by such modification

If any covenant which restricts competitive activity is deemed unenforceable by virtue of its scope in terms of area, business activity prohibited, and/or length of time, but would be enforceable if modified, the Franchisor and the Franchisee agree that the covenant will be enforced to the fullest extent permissible under the laws and public policies applied in the jurisdiction whose law determines the covenant's validity

If any applicable and binding law or rule of any jurisdiction requires more notice than this Agreement requires of termination of this Agreement or of the Franchisor's refusal to enter into a successor franchise agreement, or some other action that this Agreement does not require, or if under any applicable and binding law or rule of any jurisdiction, any provision of this Agreement is invalid, unenforceable, or unlawful, the notice and/or other action required by the law or rule will be substituted for the comparable provisions of this Agreement, and the Franchisor may modify the invalid or unenforceable provision to the extent required to be valid and enforceable or delete the unlawful provision in its entirety The Franchisee agrees to be bound by any promise or covenant imposing the maximum duty the law permits which is subsumed within any provision of this Agreement, as though it were separately articulated in and made a part of this Agreement

25 14 Notices All notices required to be given under this Agreement shall be given in writing, by certified mail, return receipt requested, by an overnight delivery service providing documentation of receipt, or by hand delivery, at the address set forth in the first paragraph of this Agreement or at such other addresses as the Franchisor or the Franchisee may designate from time to time, and/or with respect to any notices the Franchisor provides to the Franchisee, at the TILTED KILT Restaurant's address, and shall be effectively given three (3) business days following deposit in the United States mail, postage prepaid, one (1) business day following deposit with an overnight delivery service, or when delivered by hand as may be applicable

25 15 Survival of Provisions All obligations of the Franchisor and the Franchisee (and their respective owners) that expressly or by their nature extend beyond termination or expiration of this Agreement shall continue in full force and effect subsequent to and notwithstanding the termination or expiration of this Agreement and until they are satisfied in full or by their nature expire (including, without limitation, the post-termination restrictive covenant, dispute resolution, notice, and confidentiality provisions)

25 16 Payment of Taxes The Franchisee shall reimburse the Franchisor, or its affiliates and designees, promptly and when due, the amount of all sales taxes, use taxes, personal property taxes and similar taxes imposed upon, required to be collected or paid by the Franchisor, or its affiliates or designees, on account of services or goods furnished by the Franchisor, its affiliates or designees, to the Franchisee through sale, lease or otherwise (except for any taxes the Franchisor or its affiliates are required by law to collect from the Franchisee with respect to products purchased from the Franchisor and its affiliates), or on account of collection by the Franchisor of the initial franchise fee, Royalties, Advertising Contribution or any other payments made by the Franchisee to the Franchisor required under the terms of this Agreement

25 17 Cumulative Rights The rights and remedies of the Franchisor and the Franchisee hereunder are cumulative and no exercise or enforcement by the Franchisor or the Franchisee of any right or remedy hereunder shall preclude the exercise or enforcement by the Franchisor or the Franchisee of any other right or remedy hereunder which the Franchisor or the Franchisee is entitled by law to enforce

25 18 Counterparts This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same Agreement This Agreement and all other documents related to this Agreement may be executed by manual or electronic signature Either party may rely on the receipt of a document executed or delivered electronically, as if an original had been received

25 19 Acknowledgements BEFORE SIGNING THIS AGREEMENT, THE FRANCHISEE SHOULD READ IT CAREFULLY WITH THE ASSISTANCE OF LEGAL COUNSEL THE FRANCHISEE ACKNOWLEDGES AND AGREES THAT

(A) THE SUCCESS OF THE BUSINESS VENTURE CONTEMPLATED HEREIN INVOLVES SUBSTANTIAL RISKS AND DEPENDS UPON THE FRANCHISEE'S ABILITY AS AN INDEPENDENT BUSINESS PERSON AND ITS ACTIVE PARTICIPATION IN THE DAILY AFFAIRS OF THE BUSINESS

(B) NO ASSURANCE OR WARRANTY, EXPRESS OR IMPLIED, HAS BEEN GIVEN AS TO THE POTENTIAL SUCCESS OF SUCH BUSINESS VENTURE OR THE EARNINGS LIKELY TO BE ACHIEVED, EXCEPT AS MAY BE STATED IN THIS AGREEMENT OR IN THE MOST RECENT FRANCHISE DISCLOSURE DOCUMENT PROVIDED TO THE FRANCHISEE BY THE FRANCHISOR

(C) THE CORNERSTONE OF THE TILTED KILT CONCEPT IS THE "TILTED KILT GIRLS," FEMALE SERVERS CHOSEN FOR THEIR ATTRACTIVENESS, INTELLIGENCE, AND OUTGOING PERSONALITIES TILTED KILT GIRLS ARE ATTIRED IN

SPECIALLY-DESIGNED COSTUMES THE FRANCHISOR BELIEVES THAT THE PRACTICE OF LIMITING TILTED KILT GIRLS TO WOMEN IS PROTECTED BY FREE SPEECH RIGHTS AND FALLS UNDER THE BONA FIDE OCCUPATIONAL QUALIFICATION DEFENSE UNDER TITLE VII OF THE CIVIL RIGHTS ACT OF 1964, AS AMENDED (42 U S C §§ 2000e *ET SEQ*) HOWEVER, A CHALLENGE BASED ON AN ALLEGATION OF DISCRIMINATORY HIRING PRACTICES IS A BUSINESS RISK ASSOCIATED WITH THE TILTED KILT CONCEPT BY SIGNING THIS AGREEMENT, THE FRANCHISEE ACKNOWLEDGES AND EXPRESSLY AGREES TO ASSUME SUCH BUSINESS RISK

(D) NO STATEMENT, REPRESENTATION OR OTHER ACT, EVENT OR COMMUNICATION, EXCEPT AS SET FORTH IN THIS AGREEMENT AND IN THE MOST RECENT FRANCHISE DISCLOSURE DOCUMENT SUPPLIED TO THE FRANCHISEE IS BINDING ON THE FRANCHISOR IN CONNECTION WITH THE SUBJECT MATTER OF THIS AGREEMENT

[*signature page follows*]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above set forth

TILTED KILT FRANCHISE OPERATING, LLC,	**FRANCHISEE**
a Wyoming limited liability company	______________________________
	(Print Name)
By ____________________________	______________________________
Name __________________________	Individually
Title ___________________________	
	Address ________________________
	City ___________________________
	State ____________Zip ____________
	OR
	(if a corporation, partnership or LLC)
	______________________________
	Company Name
	By _____________________________
	Name __________________________
	Title ___________________________
	Address ________________________
	City ___________________________
	State ____________Zip ____________

EXHIBIT A

TO THE FRANCHISE AGREEMENT BETWEEN

TILTED KILT FRANCHISE OPERATING, LLC

AND ______________________________

DATED ______________________

1 **Franchised Location** The "**Franchised Location,**" set forth in Section 3 1 of the Franchise Agreement shall be ____
____
_____,

OR

Designated Area The Franchisor and the Franchisee acknowledge that the Franchised Location cannot be designated in Section 1 herein as a specific address because the Franchised Location has not been selected and approved Therefore, the Franchisee shall choose and acquire the Franchised Location for its TILTED KILT Restaurant within the following geographic area ("**Designated Area**") _________
____

2 [**Assigned Territory** Notwithstanding Section 3 2 of the Franchise Agreement, the "**Assigned Territory**" shall be ____
____]

3 **Catering** Catering service provided by the Franchisee, referred to in Section 3 3 of the Agreement, ___ **is**/___ **is not** approved by the Franchisor, within the following geographic area ______
____

4 **Initial Franchise Fee** The Franchisee shall pay to the Franchisor an Initial Franchise Fee of $_________, due and payable in the manner set forth in Section 4 1 of the Agreement

5 **Advertising Contribution** The Franchisee's Advertising Contribution, referred to in Section 13 3 of the Agreement, shall initially be set at ___% of Gross Sales, provided, however, the Franchisor reserves the rights to increase the percentage and collect up to the full Advertising Contribution of 2% of Gross Sales upon 30 days prior written notice to the Franchisee

6 **Grand Opening Program** The minimum dollar amount for the Grand Opening Program pursuant to Section 13 5 of the Agreement shall be $_________

7 **Other Business** The "**Other Business**", if any, referred to in Section 21 1 of the Agreement, shall be described as ____
____

8 **Acknowledgement** By executing this Exhibit and/or the Rider hereto, the Franchisee acknowledges that the Franchisor's acceptance of a site does not constitute a representation or warranty of any kind, express or implied, as to the suitability of the site for a TILTED KILT Restaurant or for any other purpose and that the Franchisee's acceptance of a franchise for the operation of a TILTED KILT Restaurant at the site is based on its own independent investigation of the suitability of the site

Fully executed this ___ day of _______, 20___

TILTED KILT FRANCHISE OPERATING, LLC

By ______________________________

Title ______________________________

FRANCHISEE

____

By ______________________________

Title ______________________________

EXHIBIT B

TO THE FRANCHISE AGREEMENT BETWEEN

TILTED KILT FRANCHISE OPERATING, LLC

AND ______________________________

DATED ______________________

RIDER AND SPECIAL STIPULATIONS

TO LEASE AGREEMENT DATED __________________
BY AND BETWEEN

__________________________________, AS "**LANDLORD**"
AND

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

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

1 Consent to Collateral Assignment to Franchisor, Disclaimer Landlord acknowledges that Tenant intends to operate a TILTED KILT Restaurant in the Premises, and that Tenant's rights to operate a TILTED KILT Restaurant and to use the TILTED KILT name, trademarks and service marks are solely pursuant to a franchise agreement ("**Franchise Agreement**") between Tenant and Tilted Kilt Franchise Operating, LLC ("**Franchisor**") Tenant's operations at the Premises are independently owned and operated Landlord acknowledges that Tenant alone is responsible for all obligations under the Lease unless and until Franchisor or another franchisee expressly assumes such obligations and takes actual possession of the Premises, in which case the Franchisor or other franchisee shall not be liable for any payments due from Tenant that accrued prior to the assignment Notwithstanding any provisions of this Lease to the contrary, Landlord hereby consents, without payment of a fee and without the need for further Landlord consent, to (i) the collateral assignment of Tenant's interest in this Lease to Franchisor to secure Tenant's obligations to Franchisor under the Franchise Agreement, and/or (ii) Franchisor's succeeding to Tenant's interest in the Lease as a result of Franchisor's exercise of rights remedies under such collateral assignment or as a result of Franchisor's termination of, or exercise of rights or remedies granted in or under, any other agreement between Franchisor and Tenant

2 Use of Premises Without limitation of uses permitted under the Lease, but in expansion thereof, the Premises may be used for the purpose of conducting the business of an entertainment bar and eat-in/take-out/delivery restaurant selling, *inter alia*, traditional pub food, hamburgers, salads, pizza, alcohol, other food items and beverages, related products and services sold in TILTED KILT Restaurants, and other fare under the TILTED KILT trade name and for retail sales and other ancillary purposes associated therewith

3 Notice and Cure Rights to Franchisor Landlord agrees to accept cure tendered by Franchisor as if the same was tendered by Tenant, but Franchisor has no obligation to cure such default The initial address for notices to Franchisor is as follows

Tilted Kilt Franchise Operating, LLC
Attention Legal Department
8915 S Harl Avenue
Tempe, AZ 85284

With a copy to

Mike Lynch
Tilted Kilt Franchise Operating, LLC
8915 S Harl Avenue
Tempe, AZ 85284

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

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

6 Counterparts This Rider may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument This Rider may be executed by manual or electronic signature Either party may rely on the receipt of a document executed or delivered electronically, as if an original had been received

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

LANDLORD ____________________	**TENANT** ____________________
By ________________________	By ________________________
Name ______________________	Name ______________________
Title ______________________	Title ______________________
[CORPORATE SEAL]	[CORPORATE SEAL]

EXHIBIT C

TO THE FRANCHISE AGREEMENT BETWEEN

TILTED KILT FRANCHISE OPERATING, LLC

AND ______________________________

DATED ______________________

GUARANTY AND ASSUMPTION OF FRANCHISEE'S OBLIGATIONS

THIS GUARANTY AND ASSUMPTION OF FRANCHISEE'S OBLIGATIONS ("GUARANTY") IS GIVEN THIS ___day of ______________, 20___, by ______________________________________
____
____
______ (the ' Guarantor")

In consideration of, and as an inducement to, the execution of that certain Franchise Agreement of even date herewith (the "Agreement") by TILTED KILT FRANCHISE OPERATING, LLC (the ' Franchisor"), and __________________________________ ("Franchisee"), each Guarantor hereby personally and unconditionally (a) guarantees to Franchisor, and its successor and assigns, for the term of the Agreement and as provided in the Agreement, that Franchisee shall punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement and (b) agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Agreement, both monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities

Each Guarantor waives (1) acceptance and notice of acceptance by Franchisor of the foregoing undertakings, (2) notice of demand for payment of any indebtedness or nonperformance of any obligations guaranteed, (3) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations guaranteed, (4) any right he or she may have to require that an action be brought against Franchisee or any other person as a condition of liability

Each Guarantor hereby consents and agrees that

(a) his or her liability under this undertaking shall be direct, immediate, and independent of the liability of, and shall be joint and several with, Franchisee and the other owners of Franchisee,

(b) liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which Franchisor may grant to Franchisee or to any other person, including the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which shall in any way modify or amend this Guaranty, which shall be continuing and irrevocable during the term of the Agreement,

(c) Guarantor shall render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so,

(d) this undertaking will continue unchanged by the occurrence of any bankruptcy with respect to Franchisee or any assignee or successor of Franchisee or by any abandonment of the Agreement by a trustee of Franchisee Neither Guarantor's obligations to make payment or render performance in accordance with the terms of this undertaking nor any remedy for enforcement shall be impaired, modified, changed, released or limited in any manner whatsoever by any impairment, modification, change, release or limitation of the liability of Franchisee or its estate in bankruptcy or of any remedy for enforcement, resulting from the operation of any present or future provision of the U S Bankruptcy Act or other statute, or from the decision of any court or agency,

(e) Franchisor may proceed against Guarantor and Franchisee jointly and severally, or Franchisor may, at its option, proceed against Guarantor, without having commenced any action, or having obtained any judgment against Franchisee Guarantor hereby waives the defense of the statute of limitations in any action hereunder or for the collection of any indebtedness or the performance of any obligation hereby guaranteed,

(f) Guarantor agrees to pay all reasonable attorneys' fees and all costs and other expenses incurred in any collection or attempt to collect amounts due pursuant to this undertaking or any negotiations relative to the obligations hereby guaranteed or in enforcing this undertaking against Guarantor,

(g) Guarantor is bound by the restrictive covenants, confidentiality provisions, and indemnification provisions contained in the Agreement, and

(h) upon Franchisor's request, he or she must submit to Franchisor suitable credit and financial information to allow Franchisor to make a reasonable decision as to Guarantor's creditworthiness and financial position including, without limitation, a personal net worth statement and such other information which would reasonably be considered relevant to Franchisor in determining whether or not Guarantor has the ability to satisfy his or her obligations under this Guaranty

Each Guarantor that is a business entity, retirement or investment account, or trust acknowledges and agrees that if Franchisee (or any of its affiliates) is delinquent in payment of any amounts guaranteed hereunder, that no dividends or distributions may be made by such Guarantor (or on such Guarantor's account) to its owners, accountholders or beneficiaries or otherwise, for so long as such delinquency exists, subject to applicable law

Guarantor agrees to be personally bound by the arbitration obligations under Section 23 1 of the Agreement, including, without limitation, the obligation to submit to binding arbitration the claims described in Section 23 1 of the Agreement in accordance with its terms

Each Guarantor represents and warrants that, if no signature appears below for such Guarantor's spouse, such Guarantor is either not married or, if married, is a resident of a state which does not require the consent of both spouses to encumber the assets of a marital estate

[Signature page follows]

IN WITNESS WHEREOF, each of the undersigned has affixed his or her signature effective on the same day and year as the Agreement was executed

GUARANTOR(S)

Signature ____________________ Print Name ____________________ Address ____________________ ____________________ % Ownership in Franchisee ________	Signature ____________________ Print Name ____________________ Address ____________________ ____________________ % Ownership in Franchisee ________
Signature ____________________ Print Name ____________________ Address ____________________ ____________________ % Ownership in Franchisee ________	Signature ____________________ Print Name ____________________ Address ____________________ ____________________ % Ownership in Franchisee ________

The undersigned, as the spouse of the Guarantor indicated below, acknowledges and consents to the guaranty given herein by his/her spouse Such consent also serves to bind the assets of the marital estate to Guarantor's performance of this Guaranty

____________________ Name of Guarantor ____________________ Name of Guarantor's Spouse ____________________ Signature of Guarantor's Spouse	____________________ Name of Guarantor ____________________ Name of Guarantor's Spouse ____________________ Signature of Guarantor's Spouse
____________________ Name of Guarantor ____________________ Name of Guarantor's Spouse ____________________ Signature of Guarantor's Spouse	____________________ Name of Guarantor ____________________ Name of Guarantor's Spouse ____________________ Signature of Guarantor's Spouse

EXHIBIT D

TO THE FRANCHISE AGREEMENT BETWEEN

TILTED KILT FRANCHISE OPERATING, LLC

AND ______________________________

DATED ______________________

STATEMENT OF OWNERSHIP

Franchisee ____

Trade Name (if different from above) ____

____

1 **Form of Owner**

(a) **Individual Proprietorship** The Franchisee(s) (is) (are) as follows

____

____

____

(b) **Corporation, Limited Liability Company, or Partnership** (CIRCLE ONE) The Franchisee was incorporated or formed on _______________, under the laws of the State of ________________ The Franchisee has not conducted business under any name other than its corporate, limited liability company, or partnership name and ____ (INSERT ANY ASSUMED NAME OR DBA THAT FRANCHISEE HAS USED) The following is a list of Franchisee's directors, if applicable, and officers as of the Effective Date shown above

Name of Each Director/Officer	**Position(s) Held**
______________________________	____________________________________
______________________________	____________________________________
______________________________	____________________________________
______________________________	____________________________________
______________________________	____________________________________
______________________________	____________________________________

2 **Owners** The following list includes the full name of each individual who is one of Franchisee's owners, or an owner of one of Franchisee's owners, and fully describes the nature of each owner's interest (attach additional pages if necessary)

	Owner's Name	**Percentage/Description of Interest**
(a)	______________________	______________________
(b)	______________________	______________________
(c)	______________________	______________________
(d)	______________________	______________________

3 **Name and Address of Principal Owner**

(a) Name ______________________

(b) Postal Address ______________________

____

(c) E-mail Address ______________________

(d) Telephone Number ______________________

(e) Fax Number ______________________

4 **Name and Address of General Manager**

(a) Name ______________________

(b) Postal Address ______________________

____

(c) E-mail Address ______________________

(d) Telephone Number ______________________

(e) Fax Number ______________________

[Signature Page Follows]

TILTED KILT FRANCHISE OPERATING, LLC,

a Wyoming limited liability company

By ______________________________

Name ____________________________

Title _____________________________

FRANCHISEE

____

(Print Name)

____

Individually

Address __________________________

City _____________________________

State ____________Zip ____________

OR

(if a corporation, partnership or LLC)

____

Company Name

By ______________________________

Name ____________________________

Title _____________________________

Address __________________________

City _____________________________

State ____________Zip ____________

EXHIBIT E

TO THE FRANCHISE AGREEMENT BETWEEN

TILTED KILT FRANCHISE OPERATING, LLC

AND ______________________________

DATED ______________________

AUTHORIZATION AGREEMENT FOR PREAUTHORIZED PAYMENTS

(DIRECT DEBITS)

The undersigned depositor ("**Depositor**") hereby (1) authorizes Tilted Kilt Franchise Operating, LLC ("**Company**") to initiate debit entries and/or credit correction entries to the undersigned's checking and/or savings account indicated below and (2) authorizes the depository designated below ("**Depository**") to debit such account pursuant to Company's instructions

______________________________	______________________________
Depository	Branch
______________________________	______________________________
City	State Zip Code
______________________________	______________________________
Bank Transit/ABA Number	Account Number

This authority is to remain in full force and effect until Depository has received joint written notification from Company and Depositor of the Depositor's termination of such authority in such time and in such manner as to afford Depository a reasonable opportunity to act on it Notwithstanding the foregoing, Depository shall provide Company and Depositor with 30 days' prior written notice of the termination of this authority If an erroneous debit entry is initiated to Depositor's account, Depositor shall have the right to have the amount of such entry credited to such account by Depository, if (a) within 15 calendar days following the date on which Depository sent to Depositor a statement of account or a written notice pertaining to such entry or (b) 45 days after posting, whichever occurs first, Depositor shall have sent to Depository a written notice identifying such entry, stating that such entry was in error and requesting Depository to credit the amount thereof to such account These rights are in addition to any rights Depositor may have under federal and state banking laws

____
DEPOSITOR (Print Name)

By ____________________________
Its ____________________________
Date ___________________________

EXHIBIT C

TO THE AREA REPRESENTATIVE AGREEMENT BETWEEN

TILTED KILT FRANCHISE OPERATING, LLC

AND ______________________________

DATED _______________________

GUARANTY AND ASSUMPTION OF AREA REPRESENTATIVE'S OBLIGATIONS

THIS GUARANTY AND ASSUMPTION OF AREA REPRESENTATIVE'S OBLIGATIONS ("GUARANTY") IS GIVEN THIS ___day of ______________, 20___, by ____ (the "Guarantor")

In consideration of, and as an inducement to, the execution of that certain Franchise Agreement of even date herewith (the "Agreement") by TILTED KILT FRANCHISE OPERATING, LLC (the "Franchisor"), and ____________________________________ ("Area Representative"), each Guarantor hereby personally and unconditionally (a) guarantees to Franchisor, and its successor and assigns, for the term of the Agreement and as provided in the Agreement, that Area Representative shall punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement and (b) agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Agreement, both monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities

Each Guarantor waives (1) acceptance and notice of acceptance by Franchisor of the foregoing undertakings, (2) notice of demand for payment of any indebtedness or nonperformance of any obligations guaranteed, (3) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations guaranteed, (4) any right he or she may have to require that an action be brought against Area Representative or any other person as a condition of liability

Each Guarantor hereby consents and agrees that

(a) his or her liability under this undertaking shall be direct, immediate, and independent of the liability of, and shall be joint and several with, Area Representative and the other owners of Area Representative,

(b) liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which Franchisor may grant to Area Representative or to any other person, including the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which shall in any way modify or amend this Guaranty, which shall be continuing and irrevocable during the term of the Agreement,

(c) Guarantor shall render any payment or performance required under the Agreement upon demand if Area Representative fails or refuses punctually to do so,

(d) this undertaking will continue unchanged by the occurrence of any bankruptcy with respect to Area Representative or any assignee or successor of Area Representative or by any abandonment of the Agreement by a trustee of Area Representative Neither Guarantor's obligations to make payment or render performance in accordance with the terms of this undertaking nor any remedy for enforcement shall be impaired, modified, changed, released or limited in any manner whatsoever by any impairment, modification, change, release or limitation of the liability of Area Representative or its estate in bankruptcy or of any remedy for enforcement, resulting from the operation of any present or future provision of the U S Bankruptcy Act or other statute, or from the decision of any court or agency,

(e) Franchisor may proceed against Guarantor and Area Representative jointly and severally, or Franchisor may, at its option, proceed against Guarantor, without having commenced any action, or having obtained any judgment against Area Representative Guarantor hereby waives the defense of the statute of limitations in any action hereunder or for the collection of any indebtedness or the performance of any obligation hereby guaranteed,

(f) Guarantor agrees to pay all reasonable attorneys' fees and all costs and other expenses incurred in any collection or attempt to collect amounts due pursuant to this undertaking or any negotiations relative to the obligations hereby guaranteed or in enforcing this undertaking against Guarantor,

(g) Guarantor is bound by the restrictive covenants, confidentiality provisions, and indemnification provisions contained in the Agreement, and

(h) upon Franchisor's request, he or she must submit to Franchisor suitable credit and financial information to allow Franchisor to make a reasonable decision as to Guarantor's creditworthiness and financial position including, without limitation, a personal net worth statement and such other information which would reasonably be considered relevant to Franchisor in determining whether or not Guarantor has the ability to satisfy his or her obligations under this Guaranty

Each Guarantor that is a business entity, retirement or investment account, or trust acknowledges and agrees that if Area Representative (or any of its affiliates) is delinquent in payment of any amounts guaranteed hereunder, that no dividends or distributions may be made by such Guarantor (or on such Guarantor's account) to its owners, accountholders or beneficiaries or otherwise, for so long as such delinquency exists, subject to applicable law

Guarantor agrees to be personally bound by the arbitration obligations under Section 19 1 of the Agreement, including, without limitation, the obligation to submit to binding arbitration the claims described in Section 19 1 of the Agreement in accordance with its terms

Each Guarantor represents and warrants that, if no signature appears below for such Guarantor's spouse, such Guarantor is either not married or, if married, is a resident of a state which does not require the consent of both spouses to encumber the assets of a marital estate

[Signature page follows]

IN WITNESS WHEREOF, each of the undersigned has affixed his or her signature effective on the same day and year as the Agreement was executed

GUARANTOR(S)

Signature ____________________ Print Name ____________________ Address ____________________ ____________________ % Ownership in Area Representative _______	Signature ____________________ Print Name ____________________ Address ____________________ ____________________ % Ownership in Area Representative _______
Signature ____________________ Print Name ____________________ Address ____________________ ____________________ % Ownership in Area Representative _______	Signature ____________________ Print Name ____________________ Address ____________________ ____________________ % Ownership in Area Representative _______

The undersigned, as the spouse of the Guarantor indicated below, acknowledges and consents to the guaranty given herein by his/her spouse Such consent also serves to bind the assets of the marital estate to Guarantor's performance of this Guaranty

____________________ Name of Guarantor ____________________ Name of Guarantor's Spouse ____________________ Signature of Guarantor's Spouse	____________________ Name of Guarantor ____________________ Name of Guarantor's Spouse ____________________ Signature of Guarantor's Spouse
____________________ Name of Guarantor ____________________ Name of Guarantor's Spouse ____________________ Signature of Guarantor's Spouse	____________________ Name of Guarantor ____________________ Name of Guarantor's Spouse ____________________ Signature of Guarantor's Spouse

EXHIBIT D

TO THE AREA REPRESENTATIVE AGREEMENT BETWEEN

TILTED KILT FRANCHISE OPERATING, LLC

AND ______________________________

DATED ______________________

STATEMENT OF OWNERSHIP

Area Representative ____

Trade Name (if different from above) ____________________________________

____

1 **Form of Owner**

(a) **Individual Proprietorship** The AR(s) (is) (are) as follows

____

____

____

(b) **Corporation, Limited Liability Company, or Partnership** (CIRCLE ONE) The AR was incorporated or formed on __________________, under the laws of the State of ________________ The AR has not conducted business under any name other than its corporate, limited liability company, or partnership name and ____ (INSERT ANY ASSUMED NAME OR DBA THAT AR HAS USED) The following is a list of AR's directors, if applicable, and officers as of the Effective Date

Name of Each Director/Officer	Position(s) Held
____________________________	______________________________
____________________________	______________________________
____________________________	______________________________
____________________________	______________________________
____________________________	______________________________
____________________________	______________________________

2 **Owners** The following list includes the full name of each individual who is one of AR's owners, or an owner of one of AR's owners, and fully describes the nature of each owner's interest (attach additional pages if necessary)

	Owner's Name	**Percentage/Description of Interest**
(a)	______________________________	____________________________________
(b)	______________________________	____________________________________
(c)	______________________________	____________________________________
(d)	______________________________	____________________________________

3 **Name and Address of Principal Owner**

(a) Name ____

(b) Postal Address ____

____

(c) E-mail Address ____

(d) Telephone Number ____

(e) Fax Number ____

4 **Name and Address of Principal Manager**

(a) Name ____

(b) Postal Address ____

____

(c) E-mail Address ____

(d) Telephone Number ____

(e) Fax Number _______________________________

[Signature Page Follows]

TILTED KILT FRANCHISE OPERATING, LLC,

a Wyoming limited liability company

By ______________________________

Name ______________________________

Title ______________________________

AREA REPRESENTATIVE

____

(Print Name)

____

Individually

Address ______________________________

City ______________________________

State ______________ Zip ______________

OR

(if a corporation, partnership or LLC)

____

Company Name

By ______________________________

Name ______________________________

Title ______________________________

Address ______________________________

City ______________________________

State __Zip ___

EXHIBIT E

TO THE AREA REPRESENTATIVE AGREEMENT BETWEEN

TILTED KILT FRANCHISE OPERATING, LLC

AND ______________________________

DATED ______________________

AUTHORIZATION AGREEMENT FOR PREARRANGED PAYMENTS

(DIRECT DEBITS)

The undersigned depositor ("**Depositor**") hereby (1) authorizes Tilted Kilt Franchise Operating, LLC ("**Company**") to initiate debit entries and/or credit correction entries to the undersigned's checking and/or savings account indicated below and (2) authorizes the depository designated below ("**Depository**") to debit such account pursuant to Company's instructions

______________________________ Depository	______________________________ Branch	
______________________________ City	______________________________ State	Zip Code
______________________________ Bank Transit/ABA Number	______________________________ Account Number	

This authority is to remain in full force and effect until Depository has received joint written notification from Company and Depositor of the Depositor's termination of such authority in such time and in such manner as to afford Depository a reasonable opportunity to act on it Notwithstanding the foregoing, Depository shall provide Company and Depositor with 30 days' prior written notice of the termination of this authority If an erroneous debit entry is initiated to Depositor's account, Depositor shall have the right to have the amount of such entry credited to such account by Depository, if (a) within 15 calendar days following the date on which Depository sent to Depositor a statement of account or a written notice pertaining to such entry or (b) 45 days after posting, whichever occurs first, Depositor shall have sent to Depository a written notice identifying such entry, stating that such entry was in error and requesting Depository to credit the amount thereof to such account These rights are in addition to any rights Depositor may have under federal and state banking laws

____
DEPOSITOR (Print Name)

By ______________________________
Its ______________________________
Date ______________________________

EXHIBIT C
(TO DISCLOSURE DOCUMENT)

LIST OF AREA REPRESENTATIVES

List of Area Representatives
(5/15/2017)

AREA REPRESENTATIVE	ADDRESS	CITY	STATE	ZIP	PHONE	TERRITORY
Keith Davison	1100 E Knox Rd	Tempe	AZ	85284	602 432-4833	State of Arizona
West Coast Kilts, LLC Rick and Ankur Luthra	1 Laketrail Cove	Buena Park	CA	90621	(310) 420 7739	The following counties in California Los Angeles San Bernardino Ventura and Riverside excluding the area within the city limits of Temecula and that part of Riverside county that is East of the current middle point of the city of Idyllwild California
WM Bay Area TK LLC Eric Sheng & Steve Kawasumi	2440 Glendenning Ave	Santa Clara	CA	95050	(650) 799 2662	The following counties in California Alameda Alpine Amador, Butte Calaveras Colusa Contra Costa, Del Norte El Dorado, Fresno Glenn Humboldt, Inyo, Kern Kings, Lake Lassen Madera Marin Mariposa Mendocino Merced Modoc Mono, Monterey, Napa, Nevada, Placer, Plumas Sacramento San Benito, San Francisco San Joaquin, San Luis Obispo San Mateo Santa Barbara Santa Clara Santa Cruz, Shasta, Sierra Siskiyou Solano, Sonoma Stanislaus Sutter Tehama, Trinity Tulare Tuolumne Yolo, and Yuba
TK Group of Kentucky LLC Jay Riley	156 Ross Lane	Benton	KY	42025	(270) 559 3725	States of Kentucky and Tennessee Counties in Indiana
AARK Development LLC	17 Pavillion Road	Voorhees	NJ	08043	(609) 332-3504	"Connecticut Maine Massachusetts, New Hampshire, Rhode Island Vermont The following counties in New Jersey Sussex, Passaic Hudson Essex Union Hunterdon Warren Morris Middlesex Somerset, and Monmouth, including the New Jersey cities of Princeton and Somerset The following counties in New York Nassau Suffolk Kings Queens Bronx New York, Richmond, Westchester and Rockland
Kilt Management ,LLC Eliot Lawrence Doug Groves and Greg Smith	PO Box 10	Pflugerville	TX	78691	(512) 990-5060	Oklahoma and portions of Texas

EXHIBIT D
(TO DISCLOSURE DOCUMENT)

AREA REPRESENTATIVES
WHO HAVE LEFT THE SYSTEM

AREA REPRESENTATIVES WHO HAVE LEFT THE SYSTEM FROM JANUARY 1, 2016 TO MAY 15, 2017 OR WHO HAVE NOT COMMUNICATED WITH US WITHIN 10 WEEKS OF THE DISCLOSURE DOCUMENT ISSUANCE DATE

NAME	CITY	STATE	PHONE NUMBER
CALIFORNIA KILT LLC ANTHONY LAURETI, BRETT CARR, JASON WOOD	SAN DIEGO	CA	(619) 236-8700
ORANGE COUNTY KILT, LLC ANTHONY LAURETI, ART LAURETI, AND JASON WOOD	SAN DIEGO	CA	(619) 236-8700
SOUTHWEST KILT LLC MARK VOSS	DENVER	CO	(602) 740-4638
TKSF DEVELOPMENT, LLC, JEFFREY OSTROW, DANIEL GREGORY	FT LAUDERDALE	FL	(954) 612-4100
TKN WEST, LLC, WESLEY HARRIS	STAR	ID	(208) 898-4779
AC ATLANTIC DEVELOPMENT LLC (DAN ALLEN AND SEAN CAHILL)	DOWNERS GROVE	IL	(630) 234-2793
1220 LLC ROBERT BAROUD, EMIL BAROUD	ARLINGTON HEIGHTS	IL	(847) 690-0871
KD KS-NE, LLC PAUL DIBENEDETTO AND RYAN RANS	CHICAGO	IL	(574) 210-1530
NJPHIL KILT, LLC CHRIS SOTOS	CHICAGO	IL	(312) 379-5101
KILT DEVELOPMENT, LLC PAUL DIBENETTO AND RYAN RANS	SOUTH BEND	IN	(574) 210-1530
NEWPENN KILT, LLC CHRIS SOTOS & JASON GIGOT	SOUTH BEND	IN	(312) 379-5101

If you buy thıs franchıse, your contact ınformatıon may be dısclosed to other buyers when you leave the franchıse system

EXHIBIT F
(TO DISCLOSURE DOCUMENT)

AREA REPRESENTATIVE MANUAL TABLE OF CONTENTS

Area Representative Manual

EXHIBIT G
(TO DISCLOSURE DOCUMENT)

CONFIDENTIALITY AND NON-COMPETITION AGREEMENT

CONFIDENTIALITY AND NON-COMPETITION AGREEMENT

This Confidentiality and Non-Competition Agreement (this "**Agreement**") is made and entered into as of ______________________________, 20___, by and among Area Representative Covenantor, and **TILTED KILT FRANCHISE OPERATING, LLC**, a Wyoming limited liability company ("**Franchisor**")

"Area Representative" ____

"Covenantor" ______________________________, being [an employee of Area Representative who will have access to Confidential Information], [an officer], or [a director] or [general partner] or [managing member] of Area Representative

Address of Covenantor ____

____

____

1 PREAMBLES

Franchisor has executed or intends to execute an area Representative agreement ("**Area Representative Agreement**") with Area Representative under which Franchisor grants to Area Representative certain rights with regard to the development of sports and entertainment bars and restaurants that offer dinner entrees, traditional pub food, hamburgers, and salads, accompanied by full bar service, in a Celtic-themed atmosphere with numerous large-screen televisions featuring sports programming ("**TILTED KILT Restaurant**" or "**Restaurants**") Before allowing Covenantor to have access to the Confidential Information and as a material term of the Area Representative Agreement necessary to protect Franchisor's confidential know-how and distinctive systems, designs, decor, trade dress, specifications, standards and procedures authorized or required by Franchisor from time to time for use in the operation of Area Representative's area development business and Franchisor's proprietary rights in and Area Representative's right to use the Confidential Information, Franchisor and Area Representative require that Covenantor enter into this Agreement

As a condition of Covenantor's employment or continued employment with Area Representative or Covenantor's appointment as a director, officer, general partner, or managing member of Area Representative and to induce Franchisor to enter into the Area Representative Agreement, Covenantor agrees to enter into this Agreement Due to the nature of Franchisor's and Area Representative's business, any use or disclosure of the Confidential Information other than in accordance with this Agreement will cause Franchisor and Area Representative substantial harm

2 DEFINITIONS

Certain terms that are capitalized in this Agreement are defined in this section or at the places they first appear

(a) The term "**Competitive Business**" as used in this Agreement means any business (i) offering dine-in services, traditional pub fare (including, without limitation, hamburgers, chicken wings, and chicken tenders), and alcoholic beverages (ii) granting franchises or licenses for the operation of a business described in subsection (i) of this definition

(b) The term **"Confidential Information"** as used in this Agreement means certain confidential and proprietary information relating to the development and operation of the Restaurants, which includes, but is not limited to (1) entertainment and business format, designs, trade dress, layouts, costumes and other employee attire, decor, plans and specifications for the development of the Restaurants, (2) training materials, programs, and systems for franchisees and personnel of the Restaurants, (3) methods, techniques, formats, specifications, standards, systems, procedures, formulas, recipes, sales and marketing techniques, and knowledge of and experience in the development and operation of the Restaurants, (4) marketing systems and promotional programs for the Restaurants, (5) knowledge of specifications for and supplies of products, materials, supplies, equipment and services, (6) knowledge of operating results and financial performance of the Restaurants, and (7) marks, trade names, proprietary interests, and other information and know-how developed and used in connection with the operation of the Restaurants

3 **PROTECTION OF CONFIDENTIAL INFORMATION**

Covenantor agrees to use the Confidential Information only to the extent reasonably necessary to perform his or her duties on behalf of Area Representative taking into consideration the confidential nature of the Confidential Information Covenantor may disclose the Confidential Information only as agent for Area Representative Covenantor acknowledges and agrees that neither Covenantor nor any other person or entity will acquire any interest in or right to use the Confidential Information under this Agreement or otherwise other than the right to utilize it as authorized in this Agreement and that the unauthorized use or duplication of the Confidential Information, including, without limitation, in connection with any other business would be detrimental to Franchisor and Area Representative and would constitute a breach of Covenantor's obligations of confidentiality and an unfair method of competition with Franchisor and/or other Restaurants owned by Franchisor or franchisees

Covenantor acknowledges and agrees that the Confidential Information is confidential, unique, and exclusive property and a trade secret of Franchisor, that Franchisor has expended a great amount of effort and money to obtain, develop, and safeguard the Confidential Information, and that it would be very costly for competitors to acquire or duplicate Covenantor further acknowledges and agrees that any unauthorized disclosure or use of the Confidential Information would be wrongful and would cause irreparable injury and harm to Franchisor The Confidential Information will be disclosed to Covenantor solely on the condition that Covenantor agrees to the terms and conditions of this Agreement Covenantor therefore agrees that during the term of the Area Representative Agreement and thereafter, he or she (a) will not use the Confidential Information in any other business or capacity, (b) will maintain the absolute confidentiality of the Confidential Information, (c) will not make unauthorized copies of any portion of the Confidential Information disclosed or in written form, and (d) will adopt and implement all reasonable procedures prescribed from time to time by Franchisor and Area Representative to prevent unauthorized use or disclosure of or access to the Confidential Information

Notwithstanding anything to the contrary contained in this Agreement, the restrictions on Covenantor do not apply to (a) disclosure or use of information, methods, or techniques which are generally known and used in the industry (as long as the availability is not because of a disclosure by Covenantor or Covenantor's agents, and such disclosure or use is not otherwise prohibited by this Agreement), provided that Covenantor has first given Franchisor written notice of his or her intended disclosure and/or use, and (b) disclosure of the Confidential Information in legal proceedings when Covenantor is legally required to disclose it, provided that Covenantor has first given Franchisor the opportunity to obtain an appropriate legal protective order or other assurance satisfactory to Franchisor that the information required to be disclosed will be treated confidentially

Notwithstanding any provisions in this Agreement or Franchisor policy applicable to the unauthorized use or disclosure of trade secrets, Covenantor is hereby notified that, pursuant to the Defend Trade Secrets Act of 2016, 18 U S C § 1833(b)

> An individual shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that (a) is made (i) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney, and (ii) solely for the purpose of reporting or investigating a suspected violation of law, or (b) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal
>
> Further, an individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the trade secret to the attorney of the individual and use the trade secret information in the court proceeding if the individual (a) files any document containing the trade secret under seal, and (b) does not disclose the trade secret, except pursuant to court order

4 **IN-TERM RESTRICTIVE COVENANT**

Covenantor acknowledges and agrees that Franchisor and Area Representative would be unable to protect the Confidential Information against unauthorized use or disclosure and Franchisor would be unable to achieve a free exchange of ideas and information among Restaurants if persons authorized to use the Confidential Information were permitted to engage in, have ownership interests in or perform services for Competitive Businesses Covenantor therefore agrees that for as long as Covenantor is (a) a director, officer, general partner, or managing member of Area Representative, or (b) an employee of Area Representative who will have access to Confidential Information, neither Covenantor nor Covenantor's spouse shall (i) have any direct or indirect interest as a disclosed or beneficial owner in a Competitive Business, or (ii) perform services as a director, officer, member, employee, manager, consultant, representative, agent or otherwise for any Competitive Business Covenantor further acknowledges that the restrictions contained in this Section will not hinder his or her activities or those of members of his of her immediate family under this Agreement or in general

5 **RESTRICTIVE COVENANT UPON TERMINATION OR EXPIRATION OF THE AREA REPRESENTATIVE AGREEMENT OR COVENANTOR'S ASSOCIATION WITH AREA REPRESENTATIVE**

Upon the first to occur of (a) termination or expiration without renewal of the Area Representative Agreement, or (b) the date as of which Covenantor is neither (i) a director, officer, general partner or managing member of Area Representative or (ii) an employee of Area Representative who will have access to Confidential Information (each of these events is referred to as a "**Termination Event**"), Covenantor agrees that for a period of two (2) years commencing on the effective date of a Termination Event, neither Covenantor nor Covenantor's spouse shall have any direct or indirect interest as a disclosed or beneficial owner in, or assist or perform services as a director, officer, manager, employee, consultant, representative, agent or otherwise for, a Competitive Business located or operating within the Area Representative's Development Territory, as defined in Exhibit A attached hereto Notwithstanding the foregoing, Covenantor shall not be prohibited from owning securities in a Competitive Business if such securities are listed on a stock exchange or traded on the over-the-counter market and represent 5% or less of that class of securities issued and outstanding Covenantor and its officers, directors, shareholders, and/or partners expressly acknowledge that they possess skills and abilities of a general nature and have other opportunities for exploiting such skills Consequently, enforcement of this covenant will not deprive them of their personal goodwill or ability to earn a living

6 **SURRENDER OF DOCUMENTS**

Covenantor agrees that as of the effective date of a Termination Event Covenantor shall immediately cease to use the Confidential Information disclosed to or otherwise learned or acquired by Covenantor and return to Area Representative or to Franchisor if directed by Franchisor all copies of the Confidential Information loaned or made available to Covenantor

7 **COSTS AND ATTORNEYS' FEES**

In the event that Franchisor or Area Representative is required to enforce this Agreement in an action against Covenantor, Covenantor shall reimburse Franchisor and/or Area Representative if it/they prevail (whether or not awarded a money judgment) for its/their reasonable attorneys' fees, whether such fees are incurred before, during or after any trial or administrative proceeding or on appeal

8 **INJUNCTION**

Covenantor hereby acknowledges and agrees that in the event of any breach or threatened breach of this Agreement, Franchisor shall be authorized to and entitled to seek, from any court of competent jurisdiction, preliminary and permanent injunctive relief in addition to such further or other relief as may be available at law or in equity Covenantor agrees that Franchisor may obtain such injunctive relief, without posting a bond Covenantor further agrees that Covenantor's only remedy if an injunction is entered against Covenantor will be the dissolution of that injunction, if warranted, upon due hearing (all claims for damages by injunction being expressly waived hereby)

9 **WAIVER.**

Failure to insist upon strict compliance with any of the terms, covenants or conditions hereof shall not be deemed a waiver of such term, covenant or condition, nor shall any waiver or relinquishment of any right or remedy hereunder at any one or more times be deemed a waiver or relinquishment of such right or remedy at any other time or times

10 **SEVERABILITY**

Each section, paragraph, term and provision of this Agreement and any portion thereof shall be considered severable and if for any reason any such provision is held to be invalid or contrary to or in conflict with any applicable present or future law or regulation in a final, unappealable ruling issued by any court, agency or tribunal with competent jurisdiction in a proceeding to which Franchisor is a party, that ruling shall not impair the operation of or have any other effect upon such other portions of this Agreement as may remain otherwise intelligible Such other portions shall continue to be given full force and effect and bind the parties hereto Any portion held to be invalid shall be deemed not to be a part of this Agreement from the date the time for appeal expires if Covenantor is a party thereto or upon Covenantor's receipt of a notice from Franchisor that it will not enforce the section, paragraph, term or provision in question

11 **RIGHTS OF PARTIES ARE CUMULATIVE**

The rights of the parties hereunder are cumulative and no exercise or enforcement by a party hereto of any right or remedy granted hereunder shall preclude the exercise or enforcement by them of any other right or remedy hereunder or which they are entitled by law to enforce

12 **BENEFIT**

This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors and assigns In the event Franchisor does not execute this Agreement (regardless of the reason) Franchisor shall be deemed a third party beneficiary of this Agreement and shall have the right to enforce this Agreement directly

13 **EFFECTIVENESS**

This Agreement shall be enforceable and effective when signed by Covenantor regardless of whether and when Franchisor or Area Representative signs this Agreement

14 **GOVERNING LAW**

This Agreement and the relationship between the parties hereto shall be construed and governed in accordance with the internal laws of the State of Arizona without regard to its conflict of laws principles

IN WITNESS WHEREOF, the parties hereto have executed this Agreement in multiple counterparts as of the day and year first above written

Area Representative

____
Print name of **Covenantor**

____
Signature of **Covenantor**

____
Print name of **Area Representative**

By ____________________________
Print Name ________________________
Title ___________________________

Franchisor

TILTED KILT FRANCHISE OPERATING, LLC, a Wyoming limited liability company

By ____________________________
Print Name ________________________
Title ___________________________

EXHIBIT A

TO THE CONFIDENTIALITY AND NON-COMPETITION AGREEMENT

The Area Representative's Territory, as described below by geographic boundaries and on the attached map, shall consist of the following area or areas

____

____

____

____

____

EXHIBIT H
(TO DISCLOSURE DOCUMENT)

REPRESENTATIONS AND ACKNOWLEDGMENT STATEMENT

REPRESENTATIONS AND ACKNOWLEDGMENT STATEMENT

The purpose of this Statement is to demonstrate to Tilted Kilt Franchise Operating, LLC ("Franchisor") that the person(s) signing below ("I," "me" or "my"), whether acting individually or on behalf of any legal entity established to acquire the franchise rights, (a) fully understands that the purchase of a Tilted Kilt Area Representative franchise is a significant long-term commitment, complete with its associated risks, and (b) is not relying on any statements, representations, promises or assurances that are not specifically set forth in Franchisor's Franchise Disclosure Document and Exhibits (collectively, the "FDD") in deciding to purchase the franchise

In that regard, I represent to Franchisor and acknowledge that

I understand that buying a franchise is not a guarantee of success Purchasing or establishing any business is risky, and the success or failure of the franchise is subject to many variables such as my skills and abilities (and those of my partners, officers, employees), the time my associates and I devote to the business, competition, interest rates, the economy, inflation, operation costs, location, lease terms, the market place generally and other economic and business factors I am aware of and am willing to undertake these business risks I understand that the success or failure of my business will depend primarily upon my efforts and not those of Franchisor	INITIAL
I received a copy of the FDD, including the Area Representative Agreement, at least 14 calendar days (10 business days in Michigan and New York) before I executed the Area Representative Agreement I understand that all of my rights and responsibilities and those of Franchisor in connection with the franchise are set forth in these documents and only in these documents I acknowledge that I have had the opportunity to personally and carefully review these documents and have, in fact, done so I have been advised to have professionals (such as lawyers and accountants) review the documents for me and to have them help me understand these documents I have also been advised to consult with other franchisees regarding the risks associated with the purchase of the franchise	INITIAL
Neither the Franchisor nor any of its officers, employees or agents (including any franchise broker) has made a statement, promise or assurance to me concerning any matter related to the franchise (including those regarding advertising, marketing, training, support service or assistance provided by Franchisor) that is contrary to, or different from, the information contained in the FDD	INITIAL

My decision to purchase the franchise has not been influenced by any oral representations, assurances, warranties, guarantees or promises whatsoever made by the Franchisor or any of its officers, employees or agents (including any franchise broker or other area representative), including as to the likelihood of success of the franchise	INITIAL
I have made my own independent determination as to whether I have the capital necessary to fund the business and my living expenses, particularly during the start-up phase	INITIAL
PLEASE READ THE FOLLOWING QUESTION CAREFULLY THEN SELECT YES OR NO AND PLACE YOUR INITIALS WHERE INDICATED Have you received any information from the Franchisor or any of its officers, employees or agents (including any franchise broker or other area representative) concerning actual, average, projected or forecasted sales, revenues, income, profits or earnings of the franchise business (including any statement, promise or assurance concerning the likelihood of success)? ☐ Yes ☐ No (Initial Here ____) If you selected "Yes," please describe the information you received on the lines below ____ ____	INITIAL

Prohibited Parties Clause I acknowledge that Franchisor, its employees and its agents are subject to U S laws that prohibit or restrict (a) transactions with certain parties, and (b) the conduct of transactions involving certain foreign parties These laws include, without limitation, U S Executive Order 13224, the U S Foreign Corrupt Practices Act, the Bank Secrecy Act, the International Money Laundering Abatement and Anti-terrorism Financing Act, the Export Administration Act, the Arms Export Control Act, the U S Patriot Act, and the International Economic Emergency Powers Act, and the regulations issued pursuant to these and other U S laws As part of the express consideration for the purchase of the franchise, I represent that neither I nor any of my employees, agents, or representatives, nor any other person or entity associated with me, is now, or has been listed on

1 the U S Treasury Department's List of Specially Designated Nationals,

2 the U S Commerce Department's Denied Persons List, Unverified List, Entity List, or General Orders,

3 the U S State Department's Debarred List or Nonproliferation Sanctions, or

4 the Annex to U S Executive Order 13224

I warrant that neither I nor any of my employees, agents, or representatives, nor any other person or entity associated with me, is now, or has been (i) a person or entity who assists, sponsors, or supports terrorists or acts of terrorism, or (ii) is owned or controlled by terrorists or sponsors of terrorism I warrant that I am now, and have been, in compliance with U S anti-money laundering and counter-terrorism financing laws and regulations, and that any funds provided by me to Franchisor were legally obtained in compliance with these laws

I further covenant that neither I nor any of my employees, agents, or representatives, nor any other person or entity associated with me, will, during the term of the Area Representative Agreement, become a person or entity described above or otherwise become a target of any anti-terrorism law

NOTE TO MARYLAND RESIDENTS OR FRANCHISEES WITH AN AREA REPRESENTATIVE FRANCHISE LOCATED IN MARYLAND This Representations and Acknowledgement Statement is not intended to and shall not waive any liability Franchisor may have under the Maryland Franchise Registration and Disclosure Law

[Signature page follows]

AREA REPRESENTATIVE

Sign here if you are taking the franchise as an **INDIVIDUAL(S)**
(Note use these blocks if you are an individual or a partnership but the partnership is not a separate legal entity)

____
Signature
Print Name ____________________
Date ____________________

____
Signature
Print Name ____________________
Date ____________________

____
Signature
Print Name ____________________
Date ____________________

____
Signature
Print Name ____________________
Date ____________________

Sign here if you are taking the franchise as a **CORPORATION, LIMITED LIABILITY COMPANY OR PARTNERSHIP**

____
Print Name of Legal Entity

By ____________________
Signature

Print Name ____________________
Title ____________________
Date ____________________

EXHIBIT I
(TO DISCLOSURE DOCUMENT)

SAMPLE GENERAL RELEASE

TILTED KILT FRANCHISE OPERATING, LLC

GRANT OF FRANCHISOR CONSENT AND FRANCHISEE RELEASE

Tilted Kilt Franchise Operating, LLC ("we," "us," or "our") and the undersigned franchisee, ____ ____ ____________ ("you" or "your"), currently are parties to a certain franchise agreement (the "Franchise Agreement") dated ______________________, 20___ You have asked us to take the following action or to agree to the following request [insert as appropriate for renewal or transfer situation]___________ ____ ____ ____ __________________ We have the right under the Franchise Agreement to obtain a general release from you (and, if applicable, your owners) as a condition of taking this action or agreeing to this request Therefore, we are willing to take the action or agree to the request specified above if you (and, if applicable, your owners) give us the release and covenant not to sue provided below in this document You (and, if applicable, your owners) are willing to give us the release and covenant not to sue provided below as partial consideration for our willingness to take the action or agree to the request described above

Consistent with the previous introduction, you, on your own behalf and on behalf of your successors, heirs, executors, administrators, personal representatives, agents, assigns, partners, shareholders, members, directors, officers, principals, employees, and affiliated entities (collectively, the "Releasing Parties"), hereby forever release and discharge us and our current and former officers, directors, members, shareholders, principals, employees, agents, representatives, affiliated entities, successors, and assigns (collectively, the "Tilted Kilt Parties") from any and all claims, damages (known and unknown), demands, causes of action, suits, duties, liabilities, and agreements of any nature and kind (collectively, "Claims") that you and any of the other Releasing Parties now has, ever had, or, but for this document, hereafter would or could have against any of the Tilted Kilt Parties, including without limitation, Claims (1) arising out of or related to the Tilted Kilt Parties' obligations under the Franchise Agreement or (2) otherwise arising from or related to your and the other Releasing Parties' relationship, from the beginning of time to the date of your signature below, with any of the Tilted Kilt Parties You, on your own behalf and on behalf of the other Releasing Parties, further covenant not to sue any of the Tilted Kilt Parties on any of the Claims released by this paragraph and represent that you have not assigned any of the Claims released by this paragraph to any individual or entity who is not bound by this paragraph

We also are entitled to a release and covenant not to sue from your owners By his, her, or their separate signatures below, your owners likewise grant to us the release and covenant not to sue provided above

Furthermore, you agree not to (and to use your best efforts to cause the Releasing Parties not to) disparage or otherwise speak or write negatively, directly or indirectly, of us, our affiliates, any of our or their affiliates' owners, directors, officers, employees, representatives or affiliates, the "TILTED KILT" brand, the Licensed Methods, any TILTED KILT Restaurant, any business using the Marks, or take any other action which would subject the TILTED KILT brand to ridicule, scandal, reproach, scorn, or indignity, or which would negatively impact the goodwill of us or the TILTED KILT brand

IF THE RESTAURANT YOU OPERATE UNDER THE FRANCHISE AGREEMENT IS LOCATED IN CALIFORNIA OR IF YOU ARE A RESIDENT OF CALIFORNIA, THE FOLLOWING SHALL APPLY

<u>**SECTION 1542 ACKNOWLEDGMENT**</u> IT IS YOUR INTENTION, ON YOUR OWN BEHALF AND ON BEHALF OF THE RELEASING PARTIES, IN EXECUTING THIS RELEASE THAT THIS INSTRUMENT BE AND IS A GENERAL RELEASE WHICH SHALL BE EFFECTIVE AS A BAR TO EACH AND EVERY CLAIM, DEMAND, OR CAUSE OF ACTION RELEASED BY YOU OR THE RELEASING PARTIES YOU RECOGNIZE THAT YOU OR THE RELEASING PARTIES MAY HAVE SOME CLAIM, DEMAND, OR CAUSE OF ACTION AGAINST THE TILTED KILT PARTIES OF WHICH YOU, HE, SHE, OR IT IS TOTALLY UNAWARE AND UNSUSPECTING, WHICH YOU, HE, SHE, OR IT IS GIVING UP BY EXECUTING THIS RELEASE IT IS YOUR INTENTION, ON YOUR OWN BEHALF AND ON BEHALF OF THE RELEASING PARTIES, IN EXECUTING THIS INSTRUMENT THAT IT WILL DEPRIVE YOU, HIM, HER, OR IT OF EACH SUCH CLAIM, DEMAND, OR CAUSE OF ACTION AND PREVENT YOU, HIM, HER, OR IT FROM ASSERTING IT AGAINST THE TILTED KILT PARTIES IN FURTHERANCE OF THIS INTENTION, YOU, ON YOUR OWN BEHALF AND ON BEHALF OF THE RELEASING PARTIES, EXPRESSLY WAIVE ANY RIGHTS OR BENEFITS CONFERRED BY THE PROVISIONS OF SECTION 1542 OF THE CALIFORNIA CIVIL CODE, WHICH PROVIDES AS FOLLOWS

"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS/HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM/HER MUST HAVE MATERIALLY AFFECTED HIS/HER SETTLEMENT WITH THE DEBTOR."

YOU ACKNOWLEDGE AND REPRESENT THAT YOU HAVE CONSULTED WITH LEGAL COUNSEL BEFORE EXECUTING THIS RELEASE AND THAT YOU UNDERSTAND ITS MEANING, INCLUDING THE EFFECT OF SECTION 1542 OF THE CALIFORNIA CIVIL CODE, AND EXPRESSLY CONSENT THAT THIS RELEASE SHALL BE GIVEN FULL FORCE AND EFFECT ACCORDING TO EACH AND ALL OF ITS EXPRESS TERMS AND PROVISIONS, INCLUDING, WITHOUT LIMITATION, THOSE RELATING TO THE RELEASE OF UNKNOWN AND UNSUSPECTED CLAIMS, DEMANDS, AND CAUSES OF ACTION

If the franchise is located in Maryland or if you are a resident of Maryland, the following shall apply

Any general release provided for hereunder shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have executed and delivered this Agreement on the date stated below

TILTED KILT FRANCHISE OPERATING, LLC,
a Wyoming limited liability company

By ______________________________

Name ____________________________

Title _____________________________

Dated ____________________________

FRANCHISEE

(IF YOU ARE A CORPORATION, LIMITED LIABILITY COMPANY, OR PARTNERSHIP)

By ______________________________

Name ____________________________

Title _____________________________

(IF YOU ARE AN INDIVIDUAL AND NOT A LEGAL ENTITY)·

____
[Signature]

____
[Print Name]

____
[Signature]

____
[Print Name]

EXHIBIT J
(TO DISCLOSURE DOCUMENT)

STATE ADDENDA AND RIDERS

ADDENDUM TO THE
TILTED KILT FRANCHISE OPERATING, LLC
AREA REPRESENTATIVE DISCLOSURE DOCUMENT

The followıng are addıtıonal dısclosures for the Franchıse Dısclosure Document of Tılted Kılt Franchıse Operatıng, LLC requıred by varıous state franchıse laws Each provısıon of these addıtıonal dısclosures wıll only apply to you ıf the applıcable state franchıse regıstratıon and dısclosure law applıes to you

CALIFORNIA

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

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

OUR WEBSITE (www tıltedkılt com) 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

1 The followıng ıs added to the State Cover Page

THE AREA REPRESENTATIVE AGREEMENT CONTAINS PROVISIONS THAT LIMIT AREA REPRESENTATIVE'S RIGHTS AND MAY NOT BE ENFORCEABLE IN CALIFORNIA INCLUDING BUT NOT LIMITED TO A TIME LIMIT TO RAISE CLAIMS AGAINST THE FRANCHISOR, LIMITATION OF DAMAGES AND WAIVER OF JURY TRIAL

THE TERRITORY IS NOT EXCLUSIVE YOU MAY FACE COMPETITION FROM OTHER FRANCHISEES, FROM FRANCHISOR OWNED OUTLETS OR FROM OTHER CHANNELS OF DISTRIBUTION OR COMPETITIVE BRANDS FRANCHISOR CONTROLS

THE AREA REPRESENTATIVE AGREEMENT PROVIDES THAT AN AREA REPRESENTATIVE AGREE TO FRANCHISOR SEEKING INJUNCTIVE RELIEF WITHOUT POSTING A BOND AND AGREEING TO HAVING THE DISSOLUTION OF THE INJUNCTION AS THE ONLY REMEDY AND WAIVING ALL CLAIMS FOR DAMAGES CAUSED BY WRONGFUL ISSUANCE OF ANY SUCH INJUNCTION

THE FRANCHISE REQUIRES THAT FRANCHISEES HIRE ONLY FEMALE SERVERS AND HOSTS THIS BUSINESS PRACTICE MAY SUBJECT YOU TO LITIGATION FOR DISCRIMINATORY HIRING PRACTICES IF YOU ARE FOUND TO BE IN VIOLATION OF THE LAW, THE FRANCHISOR CAN TERMINATE

YOUR FRANCHISE ON THAT BASIS AND YOU COULD LOSE YOUR ENTIRE INVESTMENT

2 The following statement is added to Item 3

Neither the Franchisor nor any person in Item 2 of the 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 such persons from membership in such association or exchange

3 The following paragraphs are added to the end of Item 17

The California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination, transfer, or nonrenewal of a franchise If the Area Representative Agreement contains a provision that is inconsistent with the law, the law will control

The Area Representative Agreement requires you to sign a general release of claims upon transfer of the Area Representative Agreement California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order thereunder is void Section 31512 might void a waiver of your rights under the Franchise Investment Law (California Corporations Code Section 31000 – 31516) Business and Professions Code Section 20010 might void a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 – 20043)

The Area Representative Agreement contains a covenant not to compete which extends beyond the termination of the Franchise This provision may not be enforceable under California law

The Area Representative Agreement provides for termination upon bankruptcy This provision may not be enforceable under federal bankruptcy law (11 U S C A Sec 101 *et seq*)

The Area Representative Agreement requires application of the laws of the State of Arizona This provision may not be enforceable under California law

The Area Representative Agreement requires binding arbitration The arbitration will occur in or within a 50-mile radius of our then-current principal place of business (currently Tempe, Arizona) with the costs being borne by the non-prevailing party

Prospective area representatives are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040 5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of an area representative agreement restricting venue to a forum outside the State of California

ILLINOIS

1 The "Summary" section of Item 17(v) ("**Choice of forum**") is deleted in its entirety

2 The "Summary" section of Item 17(w) ("**Choice of law**") is deleted and replaced with the following

Except to the extent the Lanham Act applies, the laws of the State of Illinois apply

MARYLAND

1 The following is added to the end of the "Summary" section of Item 17(m) ("**Conditions for franchisor approval of transfer**")

However, pursuant to COMAR 02 02 08 16L, any release required as a condition of renewal and/or assignment/transfer will not apply to claims arising under the Maryland Franchise Registration and Disclosure Law

2 The following is added to the end of the "Summary" section of Item 17(h) ("**Cause" defined - defaults which cannot be cured**")

The Area Representative Agreement provides for termination upon bankruptcy This provision might not be enforceable under federal bankruptcy law (11 U S C Sections 101 et seq), but we will enforce it to the extent enforceable

3 The following is added to the "Summary" section of Items 17(v) ("**Choice of forum**") and 17(w) ("**Choice of law**")

, except for claims arising under the Maryland Franchise Registration and Disclosure Laws

MINNESOTA

We are contractually obligated by the Area Representative Agreement to protect you against claims of infringement or unfair competition with respect to your authorized use of the Marks, when your rights granted therein warrant protection

Minnesota law provides a franchisee with certain termination and nonrenewal rights Minn. Stat Sec 80C 14 Subd. 3, 4 and 5 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 nonrenewal of the applicable agreement

Minn. Stat Sec 80C 21 and Minn Rule 2860 4400J prohibit Franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring Area Dev Representative eloper to consent to liquidated damages, termination penalties or judgment notes In addition, nothing in the disclosure document or agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction Those provisions also provide that no condition, stipulations or provision in the Area Representative Agreement shall in any way abrogate or reduce any rights you have under the

Minnesota Franchises Law, including (if applicable) the right to submit matters to the jurisdiction of the courts of Minnesota

Any release as a condition of renewal and/or transfer/assignment will not apply to the extent prohibited by applicable law with respect to claims arising under Minn Rule 2860 4400D

NEW YORK

1 The following paragraphs are added to the state cover page

INFORMATION COMPARING FRANCHISORS IS AVAILABLE CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT 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, NEW YORK 10271

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

2 The following paragraphs are added at the beginning of Item 3

Neither TKFO, nor any person identified in Item 2 above has any administrative, criminal or civil action pending against that person alleging a felony, a violation of any franchise, antitrust or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property or unfair or deceptive practices or comparable civil or misdemeanor allegations In addition, no such party has any 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

Except as set forth below, neither TKFO, nor any person identified in Item 2 above has been convicted of a felony or pleaded nolo *contendere* to a felony charge, or within the ten year period immediately preceding the application for registration, has been convicted of a misdemeanor 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

Neither TKFO nor any person identified in Item 2 above is subject to any currently effective injunctive or restrictive order or decree relating to the franchise or under any federal, state or Canadian franchise, securities, antitrust, trade regulation or trade practice law result 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 paragraph is added at the beginning of Item 4

Except as set forth below, neither TKFO, its affiliate, its predecessor, officer or general nor any person listed in Item 2, during the 10-year period immediately preceding the date of the offering prospectus (a) has 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 TKFO held this position in the company or partnership

4 Item 17(j) ("**Assignment of contract by franchisor**") is deleted in its entirety and replaced by the following

No assignment will be made except to an Assignee who, in our good faith judgment, is willing and able to assume our obligations under the Area Representative Agreement

5 The following is added to the "Summary" section of Item 17(w) ("**Choice of Law**") is deleted in its entirety and replaced by the following

However, the governing choice of law should not be considered a waiver of any right conferred upon either the us or upon you by the GBL of the State of New York, Article 33

6 THE FRANCHISOR REPRESENTS THAT THIS PROSPECTUS DOES NOT KNOWINGLY OMIT ANY MATERIAL FACT OR CONTAIN ANY UNTRUE STATEMENT OF A MATERIAL FACT

NORTH DAKOTA

1 The following is added to the end of the "Summary" section of Item 17(m) ("**Conditions for franchisor's approval of transfer**")

However, any release required as a condition of renewal and/or assignment/transfer will not apply to the extent prohibited by the North Dakota Franchise Investment Law

2 The following is added to the end of the "Summary" section of Item 17(r) ("**Non-competition covenants after the franchise is terminated or expires**")

Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota, however, we and you will enforce the covenants to the maximum extent the law allows

3 The "Summary" section of Item 17(u) ("**Dispute resolution by arbitration or mediation**") is deleted and replaced with the following

To the extent required by the North Dakota Franchise Investment Law (unless such requirement is preempted by the Federal Arbitration Act), arbitration will be at a site to which we and you mutually agree

4 The "Summary" section of Item 17(v) ("**Choice of forum**") is deleted and replaced with the following

Litigation generally must be in the state where our then current principal place of business is located (currently Tempe, Arizona), except that, subject to your arbitration obligation, and to the extent required by North Dakota Franchise Investment Law you may bring an action in North Dakota

5 The "Summary" section of Item 17(w) ("**Choice of law**") is deleted and replaced with the following

Except as otherwise required by North Dakota law, the laws of the State of Arizona shall apply

RHODE ISLAND

1 The following is added to the "Summary" section of Items 17(v) ("**Choice of forum**") and 17(w) ("**Choice of law**")

Section 19-28 1-14 of the Rhode Island Franchise Investment Act provides that "A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act "

VIRGINIA

Pursuant to Section 13 1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause If any grounds for default or termination stated in the Franchise Agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable

WASHINGTON

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

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

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

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

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

THE FOLLOWING PAGES IN THIS EXHIBIT

ARE STATE-SPECIFIC RIDERS TO THE

AREA REPRESENTATIVE AGREEMENT

ADDENDUM TO THE
TILTED KILT FRANCHISE OPERATING, LLC
AREA REPRESENTATIVE AGREEMENT
REQUIRED BY THE STATE OF ILLINOIS

THIS RIDER ıs made and entered ınto by and between Tılted Kılt Franchıse Operatıng LLC, a Wyomıng lımıted lıabılıty company wıth ıts prıncıpal busıness address at 8915 S Harl Avenue, Tempe, Arızona 85284 ("Franchısors"), and ________________________________, whose prıncıpal busıness address ıs ____ ("Area Representatıve")

1 **BACKGROUND** Franchısor and Area Representatıve are partıes to that certaın Area Representatıve Agreement dated ______________________, 20___ (the "Area Representatıve Agreement") that has been sıgned concurrently wıth the sıgnıng of thıs Rıder Thıs Rıder ıs annexed to and forms part of the Area Representatıve Agreement Thıs Rıder ıs beıng sıgned because (a) any of the offerıng or sales actıvıty relatıng to the Area Representatıve Agreement occurred ın Illınoıs and the TILTED KILT RESTAURANT that Area Representatıve wıll develop wıll be located ın Illınoıs, and/or (b) Area Representatıve ıs domıcıled ın Illınoıs

2 Sectıon 19 2 ("**Governıng Law/Consent to Jurısdıctıon**") ıs hereby deleted ın ıts entırety and the followıng ıs substıtuted ın ıts place

> **19 2 Governıng Law** Except to the extent governed by the Unıted States Trademark Act of 1946 (Lanham Act, 15 U S C Sectıons 1051 et seq), the Federal Arbıtratıon Act, or other federal law, Illınoıs law applıes to all matters regardıng thıs Agreement, wıthout regard to ıts conflıcts of laws rules
>
> Sectıon 41 of the Illınoıs Franchıse Dısclosure Act (Act) provıdes that any condıtıon, stıpulatıon, or provısıon purportıng to bınd any person acquırıng any franchıse to waıve complıance wıth any provısıon of the Act or any other law of the State of Illınoıs ıs voıd

3 The followıng sentence ıs added to the end of Sectıon 20 7 ("**Lımıtatıon of Claıms**")

> **HOWEVER, NOTHING CONTAINED IN THIS SECTION SHALL CONSTITUTE A CONDITION, STIPULATION OR PROVISION PURPORTING TO BIND ANY PERSON TO WAIVE COMPLIANCE WITH ANY PROVISION OF THE ILLINOIS FRANCHISE DISCLOSURE ACT OR ANY OTHER LAW OF THE STATE OF ILLINOIS, TO THE EXTENT APPLICABLE**

4 ILLINOIS FRANCHISE DISCLOSURE ACT The followıng language ıs added as Sectıon 20 18

> 20 18 **Illınoıs Franchıse Dısclosure Act** Sectıon 41 of the Illınoıs Franchıse Dısclosure Act states that any condıtıon, stıpulatıon, or provısıon purportıng to bınd any person acquırıng any franchıse to waıve complıance wıth any provısıon of the Act or any other law of Illınoıs ıs voıd.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Illinois Addendum concurrently with the execution of the Area Representative Agreement on the day and year first above written

TILTED KILT FRANCHISE OPERATING, LLC

By ______________________________

Title ______________________________

____

AREA REPRESENTATIVE (Print Name)

By ______________________________

Title ______________________________

ADDENDUM TO THE
TILTED KILT FRANCHISE OPERATING, LLC
AREA REPRESENTATIVE AGREEMENT
REQUIRED BY THE STATE OF MARYLAND

THIS RIDER is made and entered into by and between Tilted Kilt Franchise Operating LLC, a Wyoming limited liability company with its principal business address at 8915 S Harl Avenue, Tempe, Arizona 85284 ("Franchisor"), and ______________________________, whose principal business address is ____ ("Area Representative")

1 **BACKGROUND** Franchisor and Area Representative are parties to that certain Area Representative Agreement dated ______________________, 20___ (the "Area Representative Agreement") that has been signed concurrently with the signing of this Rider This Rider is annexed to and forms part of the Area Representative Agreement This Rider is being signed because (a) Area Representative is domiciled in Maryland, and/or (b) the TILTED KILT RESTAURANT that Area Representative will develop under the Area Representative Agreement will be located in Maryland

2 The following shall be added at the end of Sections 15 3 d ("**Conditions for Approval of Transfer**")

Any release executed in connection herewith will not apply to any claims that may arise under the Maryland Franchise Registration and Disclosure Law

3 The following is added to the end of Section 17 1 ("**Termination by Area Representative** ')

Any release executed in connection herewith will not apply to any claims that may arise under the Maryland Franchise Registration and Disclosure Law

4 The following is added to the end of Section 17 2 f ("**Termination by Franchisor**")

, however, the AR and Franchisor acknowledge that certain aspects of this provision might not be enforceable under federal bankruptcy law (11 U S C Sections 101 et seq)

5 The following is added to the end of Section 19 2 ("**Governing Law/Consent to Venue and Jurisdiction/Waiver of Jury Trial**")

THE AR MAY COMMENCE ANY CAUSE OF ACTION AGAINST FRANCHISOR IN ANY COURT OF COMPETENT JURISDICTION, INCLUDING THE STATE OR FEDERAL COURTS OF MARYLAND, UNLESS OTHERWISE GOVERNED BY THE ARBITRATION PROVISIONS OF THIS AGREEMENT ANY CLAIMS ARISING UNDER THE MARYLAND FRANCHISE REGISTRATION AND DISCLOSURE LAW MUST BE BROUGHT WITHIN THREE YEARS AFTER THE GRANT OF THE FRANCHISE

6 The following language is added to the end of Section 20 7 ("**<u>Limitation of Claims</u>**")

> **, PROVIDED, HOWEVER, THAT THIS LIMITATION OF CLAIMS SHALL NOT ACT TO REDUCE THE 3 YEAR STATUTE OF LIMITATIONS AFFORDED AR FOR BRINGING A CLAIM UNDER THE MARYLAND FRANCHISE REGISTRATION AND DISCLOSURE LAW**

7 The following language is added to the end of Sections 20 11 ("**<u>Entire Agreement</u>**") and 20 17 ("**<u>Acknowledgement</u>**")

> , provided, however, that this provision is not limited to, nor shall it act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Maryland Addendum concurrently with the execution of the Area Representative Agreement on the day and year first above written

TILTED KILT FRANCHISE OPERATING, LLC	______________________________ **AREA REPRESENTATIVE** (Print Name)
By ______________________________	By ______________________________
Title ______________________________	Title ______________________________

ADDENDUM TO THE
TILTED KILT FRANCHISE OPERATING, LLC
AREA REPRESENTATIVE AGREEMENT
REQUIRED BY
THE STATE OF MINNESOTA

THIS RIDER is made and entered into by and between Tilted Kilt Franchise Operating LLC, a Wyoming limited liability company with its principal business address at 664 W Warner Road, Tempe, Arizona 85284 ("Franchisor"), and ________________________________, whose principal business address is ____ ("Area Representative")

1 **BACKGROUND** Franchisor and Area Representative are parties to that certain Area Representative Agreement dated ________________________, 20___ (the " Area Representative Agreement") that has been signed concurrently with the signing of this Rider This Rider is annexed to and forms part of the Area Representative Agreement This Rider is being signed because (a) the TILTED KILT RESTAURANT that Area Representative will develop under the Area Representative Agreement will be located in Minnesota, and/or (b) any of the offering or sales activity relating to the Area Representative Agreement occurred in Minnesota

2 The following language is added to Section 10 4 ("**Notification of Infringement and Claims**") of the Area Representative Agreement

> Franchisor or its affiliates agree to protect the AR against claims of infringement or unfair competition with respect to the AR's authorized use of the Marks, when the AR's rights granted therein warrant protection

3 The following sentence is added at the end of Sections 15 3 d ("**Conditions for Approval of Transfer**") of the Area Representative Agreement

> Any release executed in connection herewith will not apply to any claims that may arise under the Minnesota Franchise Act

4 The following sentence is added at the end of Sections 17 1 ("**Termination By Area Representative**") of the Area Representative Agreement

> Any release executed in connection herewith will not apply to any claims that may arise under the Minnesota Franchise Act

5 The following statement is added to Section 17 2 ("**Termination by Franchisor**") and Section 17 3 ("**Rights and Obligations of the Area Representative Upon Termination or Expiration**") of the Area Representative Agreement

> Minnesota law provides a franchisee with certain termination rights Minn Stat Sec 80C 14 Subd 3, 4 and 5 require, except in certain specified cases, that a franchisee be given 90 days' notice of termination (with 60 days to cure) of this Agreement

6 The following is added to Section 19 2 ("**Governing Law/Consent to Jurisdiction**") of the Area Representative Agreement

> **MINN STAT §80C 21 AND MINN RULE 2860 4400J PROHIBIT FRANCHISOR FROM REQUIRING LITIGATION TO BE CONDUCTED OUTSIDE MINNESOTA. IN ADDITION, NOTHING IN THE DISCLOSURE DOCUMENT OR AGREEMENT CAN ABROGATE OR REDUCE ANY OF YOUR RIGHTS AS PROVIDED FOR IN MINNESOTA STATUTES, CHAPTER 80C, OR YOUR RIGHTS TO ANY PROCEDURE, FORUM OR REMEDIES PROVIDED FOR BY THE LAWS OF THE JURISDICTION**

7 Section 19 3 ("**Injunctive Relief**") of the Area Representative Agreement is deleted and the following is inserted in its place

> The Franchisor and the AR will each have the right in a proper case to seek injunctive relief (subject to the parties' obligation to arbitrate the underlying claim under Section 19 1) in addition to such further or other relief as may be available at law or in equity The Franchisor shall have the right to seek such injunctive relief, without posting a bond The AR agrees that the AR's only remedy if an injunction is entered against the AR shall be the dissolution of that injunction, if warranted, upon due hearing (all claims for damages injunction being expressly waived hereby)

8 The following statement is added to Section 20 7 ("**Limitation of Claims**") of the Area Representative Agreement

> **, PROVIDED, HOWEVER, THAT MINNESOTA LAW PROVIDES THAT NO ACTION MAY BE COMMENCED UNDER MINN STAT SECT 80C 17 MORE THAN 3 YEARS AFTER THE CAUSE OF ACTION ACCRUES**

9 Section 20 8 ("**Waiver of Punitive Damages and Jury Trial**") of the Area Representative Agreement shall be deleted if and then only to the extent required by the Minnesota Franchises Law, Section 17 J

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Minnesota Addendum concurrently with the execution of the Area Representative Agreement on the day and year first above written

TILTED KILT FRANCHISE OPERATING, LLC	______________________ **AREA REPRESENTATIVE** (Print Name)
By ______________________	By ______________________
Title ______________________	Title ______________________

ADDENDUM TO THE
TILTED KILT FRANCHISE OPERATING, LLC
AREA REPRESENTATIVE AGREEMENT
REQUIRED BY THE STATE OF NEW YORK

THIS RIDER is made and entered into by and between Tilted Kilt Franchise Operating LLC, a Wyoming limited liability company with its principal business address at 664 W Warner Road, Tempe, Arizona 85284 ("Franchisor"), and ______________________________, whose principal business address is ____ ("Area Representative")

1 **BACKGROUND** Franchisor and Area Representative are parties to that certain Area Representative Agreement dated ______________________, 20___ (the " Area Representative Agreement") that has been signed concurrently with the signing of this Rider This Rider is annexed to and forms part of the Area Representative Agreement This Rider is being signed because (a) Area Representative is domiciled in the State of New York and the TILTED KILT RESTAURANT that Area Representative will develop under the Area Representative Agreement will be located in New York, and/or (b) any of the offering or sales activity relating to the Area Representative Agreement occurred in New York.

2 The following statement is added to the end of Section 15 1 ("**Transfer by the Franchisor**") of the Area Representative Agreement

> Provided, however, that Franchisor shall not transfer its rights and obligations hereunder unless, in Franchisor's reasonable judgment, the assignee is able to perform Franchisor's obligations under this Agreement

3 The following language shall be added at the end of Sections 15 3 d ("**Conditions for Approval of Transfer**") of the Area Representative Agreement

> , provided, however, that all rights enjoyed by the AR and any causes of action arising in its 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 provision of GBL 687 4 and 687 5 be satisfied

4 The following language is added at the end of Sections 17 1 ("**Termination By Area Representative**") of the Area Representative Agreement

> , provided, however, that all rights enjoyed by the AR and any causes of action arising in its 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 provision of GBL 687 4 and 687 5 be satisfied

5 The following language is added at the end of the first sentence of Section 18 4 ("**Indemnification**") of the Area Representative Agreement

> , except when arising solely out of Franchisor's breach of this Agreement or other legal wrong

6 The following shall be added at the end of Section 19 2 ("**<u>Governing Law/Consent to Jurisdiction</u>**")

> **HOWEVER, THE FOREGOING CHOICE OF LAW SHALL NOT BE CONSIDERED A WAIVER OF ANY RIGHT CONFERRED UPON AR BY THE PROVISIONS OF ARTICLE 33 OF THE NEW YORK STATE GENERAL BUSINESS LAW THIS LANGUAGE HAS BEEN INCLUDED IN THIS AREA REPRESENTATIVE AGREEMENT AS A CONDITION OF REGISTRATION**

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this New York Addendum concurrently with the execution of the Area Representative Agreement on the day and year first above written

TILTED KILT FRANCHISE OPERATING, LLC	______________________________ **AREA REPRESENTATIVE** (Print Name)
By ______________________________	By ______________________________
Title ______________________________	Title ______________________________

ADDENDUM TO THE
TILTED KILT FRANCHISE OPERATING, LLC
AREA REPRESENTATIVE AGREEMENT
REQUIRED BY
THE STATE OF NORTH DAKOTA

THIS RIDER is made and entered into by and between Tilted Kilt Franchise Operating LLC, a Wyoming limited liability company with its principal business address at 664 W Warner Road, Tempe, Arizona 85284 ("Franchisor"), and ________________________________, whose principal business address is ____ ("Area Representative")

1 **BACKGROUND** Franchisor and Area Representative are parties to that certain Area Representative Agreement dated ________________________, 20___ (the " Area Representative Agreement") that has been signed concurrently with the signing of this Rider This Rider is annexed to and forms part of the Area Representative Agreement This Rider is being signed because (a) the Area Representative and the TILTED KILT RESTAURANT that Area Representative will develop under the Area Representative Agreement will be located in North Dakota, and/or (b) any of the offering or sales activity relating to the Area Representative Agreement occurred in North Dakota

2 The following sentence is added at the end of Section 15 3 d ("**Conditions for Approval of Transfer**") and Sections 17 1 ("**Termination By Area Representative**")of the Area Representative Agreement

Any release executed in connection herewith will not apply to the extent prohibited by the North Dakota Franchise Investment Law

3 The following is added to Section 17 5 ("**Covenant Not to Compete**") of the Area Representative Agreement

Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota, however, we will enforce the covenants to the maximum extent the law allows

4 The first paragraph of Section 23 1 ("**Arbitration**") of the Franchise Agreement is deleted and the following is inserted in its place

The Franchisor and the AR agree that all controversies, disputes, or claims between the Franchisor and its affiliates (and their respective shareholders, members, officers, directors, agents, and/or employees), on the one hand, and the AR (and /or its owners, guarantors, affiliates, and/or employees), on the other hand, arising out of or related to

a this Agreement or any other agreement between the Franchisor (or its Affiliates) and the AR (or its Affiliates),

b the Franchisor's relationship with the AR,

c the scope or validity of this Agreement or any other agreement between the AR (or its Affiliates) and the Franchisor (or its Affiliates) or any provision of any of such agreements (including the validity and scope of the arbitration obligation under this

Section 19 1, which the Franchisor and the AR acknowledge is to be determined by an arbitrator, not a court), or

d any Licensed Method,

must be submitted for binding arbitration, on demand of either party, to the American Arbitration Association ("**AAA**") The arbitration proceedings will be conducted by one arbitrator and, except as this Section 19 1 otherwise provides, according to the then-current Commercial Arbitration Rules of the AAA All proceedings will be conducted at a suitable location chosen by the arbitrator in or within a 50-mile radius of the Franchisor's then-current principal place of business (currently, Tempe, Arizona), provided, however, that to the extent otherwise required by the North Dakota Franchise Investment Law (unless such requirement is preempted by the United States Federal Arbitration Act (9 U S C §§ 1 et seq)), arbitration shall be held at a site to which Franchisor and the AR mutually agree All matters relating to arbitration will be governed by the United States Federal Arbitration Act (9 U S C §§ 1 et seq) Judgment upon the arbitrator's award may be entered in any court of competent jurisdiction

5 The following is added to Section 19 2 ("**Governing Law/Consent to Jurisdiction**") of the Area Representative Agreement

FEDERAL LAW APPLIES, INCLUDING THE UNITED STATES TRADEMARK ACT OF 1496 (LANHAM ACT, 15 U S C SECTIONS 1051 ET SEQ), EXCEPT TO THE EXTENT REQUIRED BY THE NORTH DAKOTA FRANCHISE INVESTMENT LAW, YOU MAY BRING AN ACTION IN NORTH DAKOTA FOR CLAIMS ARISING UNDER THE NORTH DAKOTA FRANCHISE INVESTMENT LAW

6 The following statement is added to Section 20 7 ("**Limitation of Claims**") of the Area Representative Agreement

THE STATUTES OF LIMITATIONS UNDER NORTH DAKOTA LAW APPLIES WITH RESPECT TO CLAIMS ARISING UNDER THE NORTH DAKOTA FRANCHISE INVESTMENT LAW

7 Section 20 8 ("**Waiver of Punitive Damages and Jury Trial**") of the Area Representative Agreement shall be deleted if and then only to the extent required by the North Dakota Franchise Investment Law

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this North Dakota Addendum concurrently with the execution of the Area Representative Agreement on the day and year first above written

TILTED KILT FRANCHISE OPERATING, LLC	______________________ **AREA REPRESENTATIVE** (Print Name)
By ______________________	By ______________________
Title ______________________	Title ______________________

ADDENDUM TO THE
TILTED KILT FRANCHISE OPERATING, LLC
AREA REPRESENTATIVE AGREEMENT
REQUIRED BY THE STATE OF RHODE ISLAND

THIS RIDER is made and entered into by and between Tilted Kilt Franchise Operating LLC, a Wyoming limited liability company with its principal business address at 664 W Warner Road, Tempe, Arizona 85284 ("Franchisor"), and ______________________________, whose principal business address is ____ ("Area Representative")

1 **BACKGROUND** Franchisor and Area Representative are parties to that certain Franchise Agreement dated ______________________, 20___ (the "Area Representative Agreement") that has been signed concurrently with the signing of this Rider This Rider is annexed to and forms part of the Area Representative Agreement This Rider is being signed because (a) Area Representative is domiciled in Rhode Island and the TILTED KILT RESTAURANT that Area Representative will develop under the Area Representative Agreement will be located in Rhode Island, and/or (b) any of the offering or sales activity relating to the Area Representative Agreement occurred in Rhode Island

2 The following shall be added at the end of Section 19 2 ("**Governing Law/Consent to Jurisdiction**")

> **SECTION 19-28 1-14 OF THE RHODE ISLAND FRANCHISE INVESTMENT ACT PROVIDES THAT "A PROVISION IN A FRANCHISE AGREEMENT RESTRICTING JURISDICTION OR VENUE TO A FORUM OUTSIDE THIS STATE OR REQUIRING THE APPLICATION OF THE LAWS OF ANOTHER STATE IS VOID WITH RESPECT TO A CLAIM OTHERWISE ENFORCEABLE UNDER THIS ACT "**

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Rhode Island Addendum concurrently with the execution of the Area Representative Agreement on the day and year first above written

TILTED KILT FRANCHISE OPERATING, LLC	______________________________ **AREA REPRESENTATIVE** (Print Name)
By ______________________________	By ______________________________
Title ______________________________	Title ______________________________

ADDENDUM TO THE
TILTED KILT FRANCHISE OPERATING, LLC
AREA REPRESENTATIVE AGREEMENT
REQUIRED BY THE STATE OF WASHINGTON

THIS RIDER is made and entered into by and between Tilted Kilt Franchise Operating LLC, a Wyoming limited liability company with its principal business address at 664 W Warner Road, Tempe, Arizona 85284 ("Franchisor"), and ________________________________, whose principal business address is ____ ("Area Representative")

1 **BACKGROUND** Franchisor and Area Representative are parties to that certain Franchise Agreement dated ________________________, 20___ (the "Area Representative Agreement") that has been signed concurrently with the signing of this Rider This Rider is annexed to and forms part of the Area Representative Agreement This Rider is being signed because (a) Area Representative is domiciled in Washington, and/or (b) the TILTED KILT RESTAURANT that Area Representative will develop under the Area Representative Agreement will be located or operated in Washington, and/or (c) any of the offering or sales activity relating to the Area Representative Agreement occurred in Washington

2 **WASHINGTON LAW** The following paragraphs are added to the end of the Area Representative Agreement

> The state of Washington has a statute, RCW 19 100 180 which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise
>
> In any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in the State of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator
>
> In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19 100 RCW shall prevail
>
> A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, rights or remedies under the Act such as a right to a jury trial may not be enforceable
>
> Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Washington Addendum concurrently with the execution of the Area Representative Agreement on the day and year first above written

TILTED KILT FRANCHISE OPERATING, LLC	______________________________ **AREA REPRESENTATIVE** (Print Name)
By ______________________________	By ______________________________
Title ______________________________	Title ______________________________

NEW YORK REPRESENTATIONS PAGE

FRANCHISOR REPRESENTS THAT THIS FRANCHISE DISCLOSURE DOCUMENT DOES NOT KNOWINGLY OMIT ANY MATERIAL FACT OR CONTAIN ANY UNTRUE STATEMENT OF A MATERIAL FACT

EXHIBIT K
(TO DISCLOSURE DOCUMENT)

RECEIPTS

RECEIPT
(Keep this copy for your records)

This Disclosure Document summarizes certain provisions of the area development agreement and other information in plain language Read this Disclosure Document and all agreements carefully

If Tilted Kilt Franchise Operating, 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, or sooner if required by applicable state law Under Iowa law, we must give you this disclosure document at the earlier of our 1st personal meeting or 14 calendar days before you sign an agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale Under New York law, we must provide this Disclosure Document at the earlier of the 1st personal meeting or 10 business days before you sign a binding agreement with, or make a payment to, us 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

If Tilted Kilt Franchise Operating, 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 appropriate state agency identified on Exhibit A

The franchisor is Tilted Kilt Franchise Operating, LLC, located at 8915 S Harl Avenue, Tempe, Arizona 85284, Telephone (480) 456-5458

Issuance date April 11, 2017, as amended May 16, 2017

The individual franchise seller who offered you a Tilted Kilt area development is

❑ Mark Hanby Tilted Kilt Franchise Operating. LLC 8915 S Harl Avenue Tempe, AZ 85284	❑ Name of Franchise Seller __________ Principal Business Address __________ __________	❑ Name of Franchise Seller __________ Principal Business Address __________ __________

Tilted Kilt Franchise Operating, LLC authorizes the respective state agencies identified on Exhibit A to receive service of process for it in the particular state

I received a Disclosure Document dated April 11, 2017, as amended May 16, 2017 that included the following Exhibits

A List of State Agencies/Agents for Service of Process
B Area Representative Agreement
C List of Area Representatives
D Area Representatives Who Have Left the System
E Financial Statements
F Area Representative Manual Table of Contents
G Confidentiality and Noncompetition Agreement
H Representations and Acknowledgment Statement
I Sample Release
J State Addenda and Riders to the Area Representative Agreement
K Receipts

Date ____________________
(Do not leave blank)

____
Signature of Prospective Franchisee

____
Print Name

ITEM 23

RECEIPT
(Return this copy to us)

This Disclosure Document summarizes certain provisions of the area development agreement and other information in plain language Read this Disclosure Document and all agreements carefully

If Tilted Kilt Franchise Operating, 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, or sooner if required by applicable state law Under Iowa law, we must give you this disclosure document at the earlier of our 1st personal meeting or 14 calendar days before you sign an agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale Under New York law, we must provide this Disclosure Document at the earlier of the 1st personal meeting or 10 business days before you sign a binding agreement with, or make a payment to, us 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

If Tilted Kilt Franchise Operating, 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 appropriate state agency identified on Exhibit A

The franchisor is Tilted Kilt Franchise Operating, LLC, located at 8915 S Harl Avenue, Tempe, Arizona 85284, Telephone (480) 456-5458

Issuance date April 11, 2017, as amended May 16, 2017

The individual franchise seller who offered you a Tilted Kilt area development is

☐ Mark Hanby Tilted Kilt Franchise Operating, LLC 8915 S Harl Avenue Tempe, AZ 85284	☐ Name of Franchise Seller __________ Principal Business Address __________ __________	☐ Name of Franchise Seller __________ Principal Business Address __________ __________

Tilted Kilt Franchise Operating, LLC authorizes the respective state agencies identified on Exhibit A to receive service of process for it in the particular state

I received a Disclosure Document dated April 11, 2017, as amended May 16, 2017 that included the following Exhibits

A List of State Agencies/Agents for Service of Process
B Area Representative Agreement
C List of Area Representatives
D Area Representatives Who Have Left the System
E Financial Statements
F Area Representative Manual Table of Contents
G Confidentiality and Noncompetition Agreement
H Representations and Acknowledgment Statement
I Sample Release
J State Addenda and Riders to the Area Representative Agreement
K Receipts

Date ____________________
(Do not leave blank)

____
Signature of Prospective Franchisee

____
Print Name

You may return the signed receipt either by signing, dating and mailing it to Tilted Kilt Franchise Operating, LLC, 8915 S Harl Avenue, Tempe, Arizona 85284, or by faxing a copy of the signed and dated receipt to Ron Lynch at (480) 456-0385