FRANCHISE DISCLOSURE DOCUMENT

Western Sizzlin Franchise Corporation
A Delaware Corporation
89 Summers Way, Suite 103
Roanoke, Virginia 24019
(540) 345-3195
contactus@western-sizzlin.com
www.western-sizzlin.com

The franchise is to operate either a restaurant featuring steak, chicken and seafood dishes in a cafeteria-style line and full service format under the "Western Sizzlin" name, which may also feature a buffet (a "WS Restaurant") or a restaurant featuring steak, chicken, seafood, salads and desserts in a buffet format with display cooking in a full-service or line-service atmosphere format under the "Woodgrill Buffet" name (a "WG Restaurant").

If you sign a Franchise Agreement for either a WS Restaurant or a WG Restaurant, the total investment necessary to begin operation of a restaurant is $1,061,000 to $4,500,000. This includes $30,000 that must be paid to the franchisor or affiliate. If you sign a Franchise Agreement for a franchised "express" WS Restaurant, the total investment necessary to begin operation of a restaurant is $451,000 to $965,000. This includes $30,000 that must be paid to the franchisor or affiliate. If you want development rights pursuant to an Area Development Agreement for either WS Restaurants or WG Restaurants, you must pay the franchisor the initial franchisee fee of $30,000 (the initial franchisee fee for the first Restaurant) plus $15,000 for each additional Restaurant. The minimum number of WS Restaurants or WG Restaurants to be opened under the Area Development Agreement is 2.

This Disclosure Document summarizes certain provisions of your Franchise Agreement and/or Area Development Agreement (as applicable) 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 us or an affiliate of ours in connection with the proposed franchise sale. **Note, however, that no governmental agency has verified the information contained in this Disclosure Document.**

You may wish to receive your Disclosure Document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Robyn Mabe at 89 Summers Way, Suite 103, Roanoke, Virginia 24019, (540) 345-3195, RMabe@western-sizzlin.com.

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

Buying a franchise is a complex investment. The information in this Disclosure Document can help you make up your mind. More information on franchising, such as "A Consumer's Guide to Buying a Franchise," which can help you understand how to use this Disclosure Document, is available from the

Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, 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 of this Franchise Disclosure Document: June 17, 2019.

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 H for information about the franchisor or about franchising in your state.

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

Please consider the following RISK FACTORS before you buy this franchise:

1. THE FRANCHISE AGREEMENTS AND AREA DEVELOPMENT AGREEMENTS REQUIRE YOU TO RESOLVE DISPUTES WITH US BY ARBITRATION ONLY IN ROANOKE CITY, VIRGINIA. OUT-OF-STATE ARBITRATION OR LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO ARBITRATE WITH US IN VIRGINIA THAN IN YOUR OWN STATE.

2. THE FRANCHISE AGREEMENTS AND AREA DEVELOPMENT AGREEMENTS REQUIRE THAT VIRGINIA LAW GOVERNS THE AGREEMENTS, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.

3. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

Effective Date: See the next page for state effective dates

WESTERN SIZZLIN FRANCHISE CORPORATION

STATE EFFECTIVE DATES

The following states require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

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

California	Pending
Illinois	June 17, 2019 (exemption)
Maryland	Pending
Virginia	Pending

In all other states, except those requiring registration or filing of the franchising documents, the effective date of this Franchise Disclosure Document is the issuance date of June 17, 2019.

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ITEM 1

THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

The Franchisor

The franchisor is Western Sizzlin Franchise Corporation. For ease of reference Western Sizzlin Franchise Corporation will be referred to as "WSFC," "we," "us," or "our" in this Disclosure Document.

We are a Delaware corporation organized on January 1, 2007. Our principal business address is located at 89 Summers Way, Suite 103, Roanoke, Virginia 24019. Our agents to receive service of process are disclosed on Exhibit H to this Disclosure Document. We do business under the names "Western Sizzlin Steak & More," "Western Sizzlin Express," "Quincy's Family Steakhouse," "Western Sizzlin's Wood Grill Buffet," "Great American Buffet Restaurant," and "Great American Steak & Buffet."

"You" or "your" means the person who buys the franchise. If you are a business entity such as a corporation or a limited liability company, your owners must sign our "Personal Guaranty" (Exhibit F), which means that all provisions of the Franchise Agreement will also apply to your owners, partners and members.

Parents, Predecessors, and Affiliates

Biglari Holdings Inc., Steak n Shake Inc. and Steak n Shake Enterprises, Inc.

WSFC is itself a wholly owned subsidiary of its parent company, Western Sizzlin Corporation ("WSC"), also a Delaware corporation. WSC shares our same business address. WSC is a wholly owned subsidiary of Biglari Holdings Inc. ("Biglari Holdings"), an Indiana corporation. Biglari Holdings' principal business address is 17802 IH 10 West, Suite 400, San Antonio, Texas 78257. Biglari Holdings has two classes of common stock designated Class A common stock and Class B common stock. A share of Class B common stock has economic rights equivalent to 1/5th of a share of Class A common stock; however, Class B common stock has no voting rights. Class A common stock trades on the New York Stock Exchange ("NYSE") under the ticker symbol "BH.A," and Class B common stock trades on the NYSE under the ticker symbol "BH." On March 5, 2018, Biglari Holdings entered into an agreement with NBHSA Inc. ("New BH"), a direct, wholly owned subsidiary of Biglari Holdings, and BH Merger Company ("Merger Sub"), a wholly owned subsidiary of New BH. On April 30, 2018, Merger Sub merged with and into Biglari Holdings, with Biglari Holdings continuing as the surviving corporation and a wholly owned subsidiary of New BH. Upon completion of the merger, New BH changed its name to "Biglari Holdings Inc." and replaced the former Biglari Holdings as the publicly held corporation. Steak n Shake Inc., an Indiana company with its principal business address located at 107 S. Pennsylvania Avenue, Suite 400, Indianapolis, Indiana 46204 ("Steak n Shake"), is an affiliate of ours that is also a wholly owned subsidiary of Biglari Holdings. Steak n Shake Enterprises, Inc. ("SNS Enterprises") is a wholly owned subsidiary of Steak n Shake, which offers franchises for restaurants operating under the names "Steak n Shake®" and "Steak n Shake Signature®" which feature premium burgers and milk shakes. SNS Enterprises is an Indiana corporation who shares the same principal business address as Steak n Shake.

In 1939, Steak n Shake began offering a limited number of franchises for Steak n Shake® restaurants, but it did not make a general offering to sell franchises until 1991. Steak n Shake began offering franchises for Steak n Shake Signature® restaurants (which is now known as Steak n Shake By Biglari Restaurants) in January 2011. As of December 31, 2018, Steak n Shake operated 409 company-owned Steak n Shake® restaurants in the United States. Neither SNS Enterprises nor Steak n Shake has ever offered franchises for products or services other than Steak n Shake® or Steak n Shake By Biglari Restaurants. As of December 26, 2018, there were one hundred eighty-five (185) franchised Steak n Shake® restaurants within the U.S. located in the following states: Alabama-7; Arizona-1; Arkansas-7; California-6; Colorado-2; Delaware–1; Florida-4; Georgia-17; Illinois-10; Indiana-5; Kansas-4; Kentucky-10; Louisiana-1; Maryland-1; Mississippi-4; Missouri-24; Nevada-6; North Carolina-11; Ohio-3; Oklahoma-3; Pennsylvania-6; South Carolina-5; Tennessee-17; Texas-19; Virginia-8; Washington-1; West Virginia-2.

Other Parents, Predecessors, and Affiliates

WSC's predecessor was Western Sizzlin, Inc. ("WSI"), a Georgia corporation formed on January 1, 1976. On November 1, 1998, the assets of WSI were sold to a holding company, Triton Group Ltd., a California corporation. On October 27, 1992, WSI filed for voluntary reorganization under Chapter 11 of the U.S. Bankruptcy Code. On June 30, 1993, Franchise Acquisition Corp., a Tennessee corporation formed on that same date, filed a plan of reorganization which included the purchase of the assets of WSI and its affiliates. This plan was confirmed by the Court on October 15, 1993. The primary business address of WSI, Triton Group Ltd. and Franchise Acquisition Corporation was 17090 North Dallas Parkway, Dallas, Texas 75248. On December 13, 1993, Franchise Acquisition Corporation acquired the WSI assets and amended its name to The Western Sizzlin Corporation. WSI ceased to exist on December 13, 1993. On July 1, 1999, The Western Sizzlin Corporation, a Tennessee corporation, merged with Austins Acquisitions Corporation, a Delaware corporation incorporated on April 30, 1999 as a wholly owned subsidiary of Austins Steaks & Saloon, Inc., a Delaware corporation. Austins Steaks & Saloon, Inc. was incorporated on December 8, 1992. Austins Acquisitions Corporation emerged from this merger as the surviving entity. Under the Articles of Merger, the surviving entity changed its name to Western Sizzlin Corporation (WSFC's parent company). WSC remained a wholly owned subsidiary of Austins Steaks & Saloon until October 1, 2003. On that date, WSC was merged into its parent corporation, Austins Steaks & Saloon, Inc., and, pursuant to the Articles of Merger, the name of the surviving entity was changed to Western Sizzlin Corporation.

Western Sizzlin Stores, Inc., a Virginia corporation incorporated on January 26, 1996 which is also wholly owned by WSC, holds the company-owned restaurants. The principal business address for Western Sizzlin Stores, Inc. is the same as ours.

Our Business Activities: WS Restaurants

We grant franchises for Western Sizzlin Steak & More Restaurants and Western Sizzlin Express, which serve steak, chicken and seafood dishes in a cafeteria-style line and full service format. Western Sizzlin Steak & More Restaurants also feature a buffet that may be ordered as a meal or in addition to a meal. However, Western Sizzlin Express Restaurants have a more limited menu and do not feature a buffet. The typical Western Sizzlin Steak & More Restaurant seats 200 to 300 people, is open for lunch and dinner, and in some cases for breakfast, and has banquet facilities. The typical Western Sizzlin Express seats 75 to 100 people and is open for lunch and dinner, and in some cases breakfast, but does not have banquet facilities. As of December 31, 2018, there were 50 franchised Western Sizzlin Steak & More Restaurants and two Western Sizzlin Express operating in the United States. Western Sizzlin Steak & More Restaurants and Western Sizzlin Express Restaurants are sometimes referred to collectively as "WS Restaurants" in this Disclosure Document.

We also offer options to develop and operate multiple WS Restaurants under an Area Development Agreement. If you sign an Area Development Agreement, you will receive a designated territory ("Designated Territory") where you will establish individual franchises under separate Franchise Agreements according to a development schedule (the "Development Schedule") and by the dates specified on the Development Schedule. For each separate Franchise Agreement, the area developer may be required to sign a form of franchise agreement that is different from the form of franchise agreement included in this Franchise Disclosure Document. The minimum number of restaurants to be opened under an Area Development Agreement for a WS Restaurant is 2.

Our Business Activities: WG Restaurants

We also grant franchises for Western Sizzlin's Wood Grill Buffet Restaurants, which serve steak, chicken, seafood, salads and desserts in a buffet format with display cooking in a full service or line service atmosphere format. The typical Western Sizzlin's Wood Grill Buffet Restaurant seats 250 to 350 people and is open for lunch and dinner and, in some cases, for breakfast. As of December 31, 2018, there were 4 franchised Western Sizzlin's Wood Grill Buffet Restaurants operating in the United States. Franchised Western Sizzlin's Wood Grill Buffet Restaurants are referred to as "WG Restaurants" in this Disclosure Document.

We also offer options to develop and operate multiple WG Restaurants under an Area Development Agreement. If you sign an Area Development Agreement, you will receive a designated territory ("Designated Territory") where you will establish individual franchises under separate Franchise Agreements according to a development schedule (the "Development Schedule") and by the dates specified on the Development Schedule. For each separate Franchise Agreement, the area developer may be required to sign a form of franchise agreement that is different from the form of franchise agreement included in this Franchise Disclosure Document. The minimum number of restaurants to be opened under an Area Development Agreement for a WG Restaurant is 2.

Our System

Each WS Restaurant and WG Restaurant (collectively referred to as a "Restaurant" or "Restaurants") operates under a unique system ("System") at one location ("Location" or "Premises") in an exclusive territory ("Territory"). You must use certain proprietary products ("Proprietary Products") and WSFC-approved food products, ingredients, cooking oil, condiments, beverages, fixtures, furnishings, equipment, uniforms, supplies, forms, and other non-proprietary products ("Non-Proprietary Products") at the Restaurant. Our required recipes and procedures will be published in their respective confidential operations manuals (each, a "Manual" and collectively, "Manuals"). You will operate the Restaurant according to the applicable Manual and under the trademarks, service marks, logos and other commercial symbols that we require now or in the future ("Marks"). We may periodically change, improve or develop the System.

The Restaurant will offer its products and services to the general public and will compete with national, regional or local restaurants and other businesses offering for retail and wholesale products and merchandise similar to those offered from the Restaurant. You may also compete with us, our other franchises, and un-affiliated companies owned by the people identified in Item 2 of this Disclosure Document who sell products similar to those sold at the Restaurant under different trademarks or service marks. Territorial rights and restrictions are described in Item 12 of this Disclosure Document.

We believe that the market for the Restaurants' products and services is developing.

We are not aware of any industry-specific laws and regulations affecting the Restaurants, except for those affecting restaurants generally.

Business Experience

WS Restaurants

We began offering franchises for Western Sizzlin Steak & More Restaurants in June 2007. However, we began offering franchises for Western Sizzlin Express Restaurants as of May 30, 2008. WSC offered franchises for Western Sizzlin Steak & More Restaurants from 1993 until January 2007. WSI offered franchises for Western Sizzlin Steak & More Restaurants from 1976 until May 1993.

Our related entities have operated a business similar to a WS Restaurant but have not sold franchises in this or any other line of business. WSI conducted a business similar to a WS Restaurant and sold franchises from 1976 until 1993. WSI did not sell franchises in any other line of business. WSC operated a WS Restaurant from 1993 until 2002 and currently operates one WS Restaurant in West Virginia that it reacquired from a franchisee. Except as described in this Item 1, we have no affiliates who offer franchises in any line of business or sell products or services to franchisees.

WG Restaurants

We began offering franchises for WG Restaurants in June 2007. WSC offered franchises for Great American Buffet Restaurants from July 1999 until January 2007. WSC has operated a business similar to Great American Buffet since 1996 and currently operates 3 Great American Buffet Restaurants in Northern Virginia, which are similar to WG Restaurants. WSC offered franchises for WG Restaurants from 2003 until January 2007. Except as described in this Item 1, we have no affiliates who offer franchises in any line of business or sell products or services to franchisees.

Except as described in this Item 1, we do not operate, and have never operated a WG Restaurant. Other than what we have disclosed in this Item 1, we have no other affiliates who offer franchises in any line of business or provide products or services to our franchisees.

ITEM 2

BUSINESS EXPERIENCE

Chairman and Chief Executive Officer: Sardar Biglari

Mr. Biglari has been the Chairman since March 2006 and the Chief Executive Officer since May 2007. In addition, Mr. Biglari has been Chairman and Chief Executive Officer of Biglari Holdings since 2008 and has served as Chairman and Chief Executive Officer of Biglari Capital Corp. ("Biglari Capital") since 2000. Biglari Capital is the general partner of The Lion Fund, L.P. and The Lion Fund II, L.P., private investment partnerships. Mr. Biglari is the founder of Biglari Holdings and Biglari Capital. Mr. Biglari is an entrepreneur with extensive managerial and investing experience in a broad range of businesses.

Vice President, Chief Operating Officer and Chief Financial Officer: Robyn B. Mabe

Robyn B. Mabe has been WSFC's Vice President, Chief Operating Officer and Chief Financial officer since June 2010. She also has been WSC's Director of Accounting and Corporate Controller since January 1, 1994. She has been WSC's Secretary since May 1995 and has been WSC's Treasurer since August 13, 1997. Ms. Mabe has been WSC's Vice President and Chief Financial Officer since February 19, 2001. Ms. Mabe has been WSC's Chief Operating Officer since June 2010.

Chief Financial Officer, Franchise Operations: Thomas M. Murray

Mr. Murray has served as our Chief Financial Officer, Franchise Operations since June 2014. Previously, he served as Chief Financial and Operating Officer for Bloch, Inc., Reno, Nevada from August 2013 to February 2014 and Chief Financial Officer for Nine West Group, White Plains, New York from August 2005 to March 2012.

Franchise Field Consultant and Director of Training: Rick Henderson

Rick Henderson has been a Franchise Field Consultant and Director of Training for us since 2009. He has been a Franchise Field Consultant and Director of Training for WSC since February 1998.

ITEM 3

LITIGATION

Scott Jones v. Western Sizzlin Franchise Corporation (Circuit Court of Faulkner County, Arkansas, Case No. 23 CV – 19 – 8). On January 3, 2019, Scott Jones, a Western Sizzlin franchisee in Greenbrier, Arkansas ("plaintiff"), filed a lawsuit against Western Sizzlin to recover damages in an unspecified amount in excess of $75,000, for alleged breach of the franchise agreement and violation of the Arkansas Franchise Practices Act by Western Sizzlin. Specifically, plaintiff alleges that he and Western Sizzlin entered into a franchise agreement for a Western Sizzlin Express restaurant in Greenbrier; that Western Sizzlin failed to disclose to plaintiff prior to entering into the franchise agreement, that it (or one of its affiliates) intended to grant a franchise for a Steak 'n Shake restaurant, also to be located in Greenbrier, Arkansas, to a third party rather than to plaintiff, as he had requested; that plaintiff would not have acquired the Western Sizzlin Express franchise had he known that he would face competition from a nearby Steak 'n Shake franchisee, and that this competition allegedly violated plaintiffs territorial exclusivity under the Western Sizzlin franchise agreement and caused him to suffer damages. Although the lawsuit was filed in January 2019, it was not served on Western Sizzlin until May 2, 2019, and Western Sizzlin has not filed an appearance in the lawsuit or otherwise responded to the complaint. Western Sizzlin denies plaintiff's claims and intends to vigorously defend the lawsuit.

Parks Management, LLP and Parks Management Corporation v. Western Sizzlin Corporation and Western Sizzlin Stores of Little Rock, Inc., Pulaski County, Arkansas Circuit Court, Case number 2006-10461. In September 2006 WSC and Western Sizzlin Stores of Little Rock, Inc. ("WSSLRI") were served with a lawsuit filed in the Circuit Court of Pulaski County, Arkansas. The Plaintiffs are owners/landlord of four restaurant premises located in the Little Rock, Arkansas metropolitan area which had been leased under a single lease agreement and previously occupied by WSC and WSSLRI. Most recently, each of these premises has been subleased to various operators. The lease agreement expired on June 30, 2006. The plaintiffs have claimed in their lawsuit unspecified damages allegedly owing for certain repair and maintenance expenses on the premises, for the replacement of certain equipment, for diminution of property value, and loss of rental income, as well as interest and costs. On February 29, 2008, following a jury trial, the Circuit Court Judge entered judgment against WSC and WSSLRI in the amount of $689,666. On or about March 14, 2008, the plaintiffs filed an application for an award of attorneys' fees in the amount of $308,863, expenses in the amount of $44,282, and pre-judgment interest, which remains pending. On or about May 9, 2008, WSC and WSSLRI filed a notice of appeal. The Circuit Court has stayed the plaintiffs' application for an award of attorney's fees until resolution of the appeal. On or about August 1, 2008, WSC and WSSLRI filed their appeal and, on or about June 29, 2009, the Arkansas Supreme Court reversed the Circuit Court's ruling in favor of plaintiffs and remanded the case for a new trial set for May 24, 2010. In May 2010 the plaintiffs and defendants reached a settlement prior to the scheduled trial. On June 15, 2010, the parties entered into a Settlement Agreement and Release and the case was dismissed. As part of that settlement, WSC agreed to pay to the plaintiffs a total of $900,000.

PENDING CASES (Biglari Holdings, Steak n Shake and SNS Enterprises)

Steaks of Virginia, LLC, v. Steak n Shake Enterprises, Inc.(Case No. 1:18-cv-1048). On April 5, 2018, Steaks of Virginia, LLC ("Steaks of Virginia"), a former franchisee of SNS Enterprises, filed suit against SNS Enterprises in the U.S. District Court for the Southern District of Indiana challenging SNS Enterprises' right to enforce its Maximum Pricing Policy with respect to Steaks of Virginia's 9 Steak n Shake restaurants operating in Virginia. Steaks of

Virginia alleged breach of contract, fraudulent inducement, constructive fraud, negligent misrepresentation, and violation of the Virginia Retail Franchising Act and sought a declaratory judgement and permanent injunction against SNS Enterprises' enforcement of the Maximum Pricing Policy. On June 6, 2018, Steaks of Virginia filed an amended complaint also alleging that SNS Enterprises failed to offer necessary support. In January 2019, SNS Enterprises filed a counterclaim against Steaks of Virginia alleging breach of contract based on Steaks of Virginia's unilateral closure of its franchised Steak n Shake restaurants.

On April 10, 2019, the parties reached a settlement in which Steaks of Virginia agreed to dismiss all counts and claims with prejudice and to pay SNS Enterprises $100,000 to reimburse SNS Enterprises for its attorneys' fees and costs associated with the suit. SNS Enterprises also agreed to dismiss its counterclaim with prejudice. The parties are in the process of finalizing a formal written settlement agreement and mutual release reflecting the foregoing terms.

360 Rent, S.R.L. vs. Steak n Shake International, S.A.R.L., Case No. 01-18-0003-0322). On August 9, 2018, 360 Rent, SRL, a Steak n Shake international franchisee, ("360 Rent") filed an arbitration claim against Steak n Shake International, S.A.R.L. ("Steak n Shake International") in the International Centre for Dispute Resolution (ICDR), a division of the American Arbitration Association (AAA) to be heard in Indianapolis, Indiana. 360 Rent alleges that Steak n Shake International breached certain provisions of the Franchise Agreement signed in July 2015. 360 Rent has alleged that Steak n Shake International breached the Franchise Agreement by failing to provide a credit against future royalty and system fees, failing to respond to requests for new menu item and local marketing initiatives ("Count I") and failing to reinvest the royalty and system fee and the global marketing fund fee into local marketing and advertising programs ("Count II"). In addition, 360 Rent claims promissory estoppel as it relates to the foregoing breach of contract claims ("Count III"). 360 Rent also claims that Steak n Shake International violated the Indiana Deceptive Franchise Practices Act ("Count IV"), committed fraud ("Count V"), committed a breach of fiduciary duty ("Count VI") and committed a breach of the implied covenant of good faith and fair dealing ("Count VII") as it relates to: (a) the foregoing breaches of contract claims; and (b) allegations with respect to the set up costs in constructing and opening the restaurant and the turnover among the Steak n Shake International employees assigned as 360 Rent's point of contact. 360 Rent seeks certain declaratory relief, monetary damages and costs and attorneys' fee in connection with its claims. On September 17, 2018 Steak n Shake International filed its answer and counterclaim against 360 Rent and its principals for unpaid royalty payments, other charges and fees and all other amounts recoverable by law. Steak n Shake International intends to vigorously defend the claims and prosecute its counterclaims.

CONCLUDED CASES

Druco Restaurants, Inc. v. Steak N Shake Enterprises, Inc. and Steak N Shake Operations, Inc., United States District Court for the Southern District of Indiana, Indianapolis Division, Case No. 1:13-cv-00560-LJM-DML. Franchisee Druco Restaurants, Inc. ("Druco") filed suit against SNS Enterprises and Steak n Shake on April 3, 2013 in the U.S. District Court for the Southern District of Indiana seeking declaratory judgment as to the enforceability of our Maximum Pricing and Promotion Policy under previous forms of Franchise Agreements signed in 2004. In November 2014, we reached a settlement agreement with Druco whereby they agreed to continue offering our entire $4 menu at the prices we determine along with Half-Price Happier Hour. Druco may determine prices on all other menu items. For all other promotions, which Franchisor may market in the future through advertisements on television, radio, print or billboards as available at all Classic Steak n Shake Restaurants throughout the entire market in which Druco's restaurants operate, Druco agreed to offer all other future promotions; however, we agreed not to require Druco to participate in promotions which, either alone or in the aggregate, would materially undermine Druco's ability to set prices on regular menu items. No other consideration was paid as part of this settlement.

Michael J. Hunter, Suzanne J. Hunter and Frederick & Friends, Atlanta, LLC v. Tropical Smoothie Franchise Development Corporation, Tropical Smoothie Café, LLC, Tropical Smoothie, Inc., Eric Jenrich and James Valentino, Circuit Court for the Second Judicial Circuit of Leon County, Florida, Case No. 2008CA3779. Our Vice President, Franchise Support, James Valentino was named as a defendant in the above-captioned 2008 lawsuit in his capacity as an officer for Tropical Smoothie Café, LLC and Tropical Smoothie, Inc. We are not a party to this lawsuit. This suit was filed on November 18, 2008, in the Circuit Court of the 2nd Judicial Circuit Court, Leon County, Florida, and the Plaintiffs amended their complaint in April 2010. Plaintiffs allege breach of contract, breach of the implied covenant of good faith and fair dealing, fraud, promissory estoppel, conversion and unjust enrichment and constructive trust. The lawsuit resulted from action taken by Tropical Smoothie Café, Inc. in January 2008 to terminate the area development agreement with the Plaintiff, Fredrick & Friends, Atlanta, LLC, the area developer for the Atlanta, Georgia territory (the "LLC"). On April 23, 2015 the Plaintiffs filed a Notice of Voluntary Dismissal With Prejudice, dismissing the action with prejudice against the Defendants.

Cornerstone Investment Partners, LLC and Cornerstone Investment Partners I , LLC v. Steak N Shake Enterprises, Inc., United States District Court for the District of New Jersey, Case. No. 2:14-cv-06581-SDW-SCM. On October 23, 2014, Cornerstone Investment Partners, LLC ("Cornerstone") and Cornerstone Investment Partners I, LLC ("Cornerstone I") filed suit against SNS Enterprises in the U.S. District Court for New Jersey in connection with Cornerstone I's Franchise Agreement for a Steak n Shake Signature restaurant located in Paramus Park Mall, Paramus, New Jersey. Plaintiffs allege SNS Enterprises violated the New Jersey Consumer Fraud Act and New Jersey Franchise Practices Act by imposing unreasonable standards of performance. Plaintiffs also claim a pattern of racketeering activity for the unlawful purpose of intentionally defrauding Plaintiffs, along with misrepresentation and fraud based on certain alleged misrepresentations and SNS Enterprises' failure to include financial performance representations in its FDD issued January 27, 2012 for the one Steak n Shake Signature restaurant which began operating January 12, 2012. Additionally, Plaintiffs allege SNS Enterprises violated the New York Franchise Sales Act by alleging making untrue statements of material facts and/or willfully omitting material facts. Lastly, Plaintiffs claim SNS Enterprises breached its covenant of good faith and fair dealing and seek punitive damages under the New Jersey Punitive Damage Act. SNS Enterprises filed a Motion to Dismiss which the District Court granted on July 6, 2015, dismissing the Plaintiff's suit without prejudice. SNS Enterprises subsequently filed a Petition to Recover Attorney Fees. In November 2015, the parties reached a settlement agreement which included the following terms: (1) Cornerstone will continue operating its Paramus Mall location but will surrender Area Development Agreement rights it held for Bergen County, New Jersey and Hoboken, New Jersey, and (2) SNS Enterprises paid $10,000 of the $60,000 Area Development Agreement balance to Cornerstone.

Eastern Shore Restaurants, Inc. v. Steak n Shake Enterprises, Inc., United States District Court for the Southern District of Indiana, Case No. 1:15-cv-0007-LJM-DM. Franchisee Eastern Shore Restaurants, Inc. ("ES") filed suit against Steak n Shake on January 2, 2015 regarding the enforceability of our Maximum Pricing and Promotion Policy under previous forms of Franchise Agreements signed between 1995 to 2007. On November 20, 2015, Steak n Shake and ES signed a Confidential Settlement Agreement and Mutual Release whereby (1) ES agreed to follow the "Original 4 meals under $4" pricing and offer the Happier Hour promotion, (2) Steak n Shake agreed ES can determine its own prices for all other menu items and choose which promotions ES offers, and (3) Steak n Shake paid ES $250,000.

Scott's S & S, Inc. v. Steak N Shake Enterprises, Inc. and Steak N Shake Operations, Inc., United States District Court for the Southern District of Indiana, Indianapolis Division, Case No. 1:13-cv-00655-LJM-DML. Franchisee Scott's S&S, Inc. ("Scotts") filed suit against Steak n Shake on April 22, 2013 regarding the enforceability of our Maximum Pricing and Promotion Policy under previous forms of Franchise Agreements signed between 1995 to 2007. On November 19, 2015, Steak n Shake and Scotts signed a Confidential Settlement Agreement and Mutual Release whereby an affiliate of Steak n Shake agreed to purchase the restaurant owned by Scotts for $975,000. Scott's voluntarily terminated its franchise agreement.

People Sales & Profit Company, Inc. v. Steak N Shake Enterprises, Inc. United States District Court for the Southern District of Indiana, Indianapolis Division, Case No. 1:13-cv-00654-LJM-DML Franchisee People Sales & Profit Company, Inc. ("PSP") filed suit against Steak n Shake on April 22, 2013 regarding the enforceability of our Maximum Pricing and Promotion Policy under previous forms of Franchise Agreements signed between 1995 to 2007. On December 21, 2015, PSP and Steak n Shake signed a Confidential Settlement Agreement and Mutual Release whereby (1) PSP agreed to follow the "Original 4 meals under $4" pricing and offer the Happier Hour promotion (afternoons only), (2) Steak n Shake agreed PSP can determine its own prices for all other menu items and choose which promotions PSP offers, (3) Steak n Shake confirmed PSP has closed one of its four units, and (4) Steak n Shake paid PSP $345,507.50.

Steak n Shake Enterprises, Inc. and Steak N Shake, LLC v. Globex Company, LLC, Springfield Downs, LLC, Christopher Baerns, Larry Baerns, Kathryn Baerns, and Control, LLC (1:13-cv-01751-RM-CBS) SNS Enterprises and Steak n Shake, LLC filed suit on July 3, 2013 against several affiliated franchisees and their guarantors following termination of their franchise, license, and area development agreements for cause based on their material breaches of those agreements and failure to cure those breaches. The defendants specifically acknowledged and agreed in their franchise agreements that maintaining uniformity – including uniformity of the prices specified by SNS Enterprises for menu items and mandatory promotions – is essential to the success of the System, agreed they would exclusively use menus printed by SNS Enterprises and would sell and offer all food and beverage products listed in those menus at the prices specified by SNS Enterprises. The defendants' franchise agreements were terminated after they charged menu prices higher than the menu prices authorized by the franchisor, printed menus without the franchisor's consent, and refused to offer mandatory promotions. Based on defendants' continued operation of the restaurants after the termination, SNS Enterprises and Steak n Shake, LLC filed a motion to enjoin the defendants' trademark infringement and unfair competition, and to enforce their post-termination obligations under the franchise, license, and area development agreements.

Defendants filed counterclaims claiming breach of contract, breach of the duty of good faith and fair dealing based on our alleged wrongful termination and refusal to allow the franchisees to raise their menu prices; unspecified breaches of the area development agreement; fraud based on alleged financial performance representations, projections, profit forecasts and other statements which the franchisees claim were false or materially misleading; and unfair or deceptive trade practices within the meaning of the Colorado Consumer Protection Act. Defendants sought a declaratory judgment that the franchise agreements and license agreements were wrongfully terminated and requested injunctive relief to preclude termination of the agreements pending the outcome of the suit.

After an evidentiary hearing conducted on August 23, 2013, the United States District Court for the District of Colorado ruled that the evidence strongly demonstrated a substantial likelihood that SNS Enterprises and Steak n Shake, LLC will prevail in establishing that the franchisees breached their franchise agreements. The District Court ordered the terminated franchisees to stop using Steak n Shake's trademarks, proprietary information, and to de-identify the restaurants as Steak n Shake restaurants. The terminated franchisee complied and shut down the restaurants on September 5, 2013. Following the court's order, the parties negotiated an agreement whereby Steak n Shake purchased the franchisee's personal property and leasehold interest and assumed the franchisee's obligations under the restaurant ground leases. Steak n Shake reopened the restaurants as company-operated locations on November 25, 2013. On June 23, 2015, the District Court entered an Order granting Steak n Shake's motion for summary judgment and a permanent injunction. SNS Enterprises and Steak n Shake, LLC subsequently filed a Motion for Attorneys' Fees and Costs pursuant to a prevailing party provision in the Franchise Agreements. The Court awarded Steak n Shake $524,428.41 in attorneys' fees and costs.

<u>Stuller, Inc. v. Steak N Shake Enterprises, Inc. et al. (Case No. 3:10-cv-03303-MMM-BGC)</u> On November 18, 2010, a Steak n Shake franchisee, Stuller, Inc. ("Stuller") filed suit against SNS Enterprises and SNS Operations ("SNS") in the U.S. District Court for the Central District of Illinois seeking a declaratory judgment as to the enforceability of our Maximum Pricing and Promotion Policy ("Count I") under previous forms of Franchise Agreements signed between 1995 to 2007. Stuller also claimed that SNS breached the covenant of good faith and fair dealing ("Count II") and violated the Illinois Franchise Disclosure Act by failing to disclose that our franchise agreement allowed SNS to set pricing on menu items and requires franchisees to participate in all promotions ("Count III"). On October 26, 2012, Stuller agreed to dismiss Count II with prejudice in exchange for payment of $50,000 from its ad fund surplus. On April 4, 2013, as part of a Settlement Agreement, the Court entered final judgment vacating its prior summary judgment ruling and dismissed all claims. The settlement provided that Stuller may determine the prices for products sold at each restaurant for the duration of each existing Franchise Agreement and may determine in its sole discretion which corporate pricing promotions it may follow; provided, however, Stuller is obligated to offer all menu items (including limited time offerings) that SNS may require. As part of the settlement, SNS paid Stuller $390,000 from its ad fund surplus and an additional $110,000 for a total of $500,000.

Other than the actions above, there is no litigation required to be disclosed in this Item.

ITEM 4

BANKRUPTCY

No bankruptcy proceedings are required to be disclosed in this Item.

ITEM 5

INITIAL FEES

The following disclosures apply to both WS Restaurants and WG Restaurants:

When you sign a Franchise Agreement, you must pay us an initial franchise fee ("Franchise Fee") of $30,000 for your Restaurant. (Paragraph I.C.)* The Franchise Fee is fully earned when paid and is not refundable under any circumstance. We signed one Franchise Agreement in 2018 and the franchisee paid our standard initial franchise fee of $30,000.

There are no additional fees for corporate pre-training, training during operations or corporate support during the entire process, except as disclosed in Item 6. The Franchise Fee does not include the expense of sending the Restaurant's staff through the training program (i.e., travel, lodging and meals). You are responsible for those expenses.

If you sign the Area Development Agreement, you must pay us an individual initial franchise fee in the amount of $30,000 for the first Franchise Agreement you execute. Simultaneously with the execution of the Area Development Agreement, you must pay Development Fee of $15,000 for each additional Restaurant which you are granted the option to develop under the Area Development Agreement ("Development Fee"). The Development Fee, which is to be paid at the time of execution of the Area Development Agreement, is consideration for the Area Development Agreement and not consideration for any Franchise Agreement. The Development Fee is fully earned upon execution of this Agreement and is non-refundable. The balance of the initial Franchise Fee for each Restaurant after the first Restaurant (off-set by the payment of the Development Fee) is due upon execution of the applicable individual Franchise Agreement. (Area Development Agreement, Paragraph II.A.) The minimum number of restaurants to be opened under an Area Development Agreement for either a WS Restaurant or a WG Restaurant is 2. We signed no Area Development Agreements in 2018.

Except as stated above, the Franchise Fee and Development Fee are uniform to all franchisees under this offering.

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* All citations of Paragraph numbers throughout this Disclosure Document are referenced to the WS Restaurant Franchise Agreement and the WG Restaurant Franchise Agreement, attached to this Disclosure Document as Exhibits B and B-1, respectively. References to other documents are specified.

ITEM 6

OTHER FEES

The figures in the following table apply to both WS Restaurants and WG Restaurants:

Column 1 Type of Fee	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Additional Training	Current per diem costs not to exceed $100 per day plus expenses	Before Additional Training	Payable to us if you need additional training because you are not able to complete initial training programs. (Paragraph IV.B.)
Additional Optional and Mandatory Training Courses	No tuition for mandatory training; but tuition for optional training is up to $75 per day	Prior to training	You are responsible for your and employees' expenses for all training. (Paragraph IV.D.)
Modification	Up to $500,000 during the initial term of Franchise Agreement.	As incurred	You will incur expenses if we modify the System. May be payable to third party suppliers or contractors. (Paragraphs VIII., III.G.)
Royalty Fees for WS Restaurants	2% of Gross Sales for a Restaurant.[1]	15th of the following month	See Definition of Gross Sales.[2]
Royalty Fees for WG Restaurants	3% of Gross Sales for a Restaurant. [1]	15th of the following month	See Definition of Gross Sales
A.D.R.F. For WS, WG, and Express Restaurants	$250 per month per Restaurant	15th of the following month	Contributions are required. "A.D.R.F." means the non-for-profit corporation responsible for advertising development and research. Payable to A.D.R.F. (Paragraph IX.D.) See Item 11 for more information.
Grand Opening Advertising	$10,000	To be spent during the first 60 days of operation	We provide guidelines. (Paragraph IX.B.) Payable to suppliers or sources of advertising.
Local Advertising	1% of Gross Sales	Vendor terms	You pay directly to suppliers and sources of advertising. (Paragraph IX.H.)

Column 1 Type of Fee	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Cooperative Advertising	Proportional share to be determined not to exceed 4% of Gross Sales for all advertising, A.D.R.F. and Co-op expenditures	From time to time	Fees in accordance with Subscription Agreement; payable to Co-op; credited to local advertising requirement; We are entitled to 1 vote for each of our Restaurants in the Co-op. (Paragraphs IX.I., J.)
Audit/Inspection[4]	Cost of audit or inspection plus amount due plus maximum allowable interest on underpayment	Immediately after billing	Payable only if audit shows that you made an understatement in any report by at least 2%. (Paragraphs XI.I., XIII.D.)
Operation of the Restaurant in Case of Your Default	$250 per day plus expenses	Weekly after time of service	We may operate your Restaurant if you fail to cure a default within 20 business days of receipt of written notice to cure. (Paragraph XVI.H.)
Late Fees	Highest applicable legal rate for open account business credit, not to exceed 1.5% per month	After due date	Applies to all Royalty Fees, advertising contributions, amounts due for purchases from us or Related Entities and other amounts which you may owe us; we may apply payments regardless of designation. (Paragraphs X.E., F., XI.F.)
Supplier/Supplies Approval	Reasonable cost of inspection, evaluation and actual cost of test	Time of inspection	Applies to new suppliers or supplies you wish to purchase that WSC has not approved. (Paragraph XII.I.)
Relocation Royalty[5]	Average Royalty Fee due in previous 12 months	By the 10th day of each month	You pay to us only if you must close the Restaurant and relocate.
Design Specifications[6]	Actual cost and expense of improvements	As dictated by your suppliers	You pay all costs and expenses associated with bringing the Restaurant Location up to our specifications. May be payable to third party suppliers.

Column 1 Type of Fee	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Franchisee Association Dues	Varies but not to exceed 4% of Gross Sales	To be determined by particular organization	You must join a WSFC-approved franchisee organization ("Franchisee Association") and pay the required dues to that organization to maintain your membership. The total cost plus A.D.R.F. and advertising expenditures not to exceed 4%. (Paragraph XII.Q.)
Mystery Shoppers	Our actual cost of engaging mystery shoppers, handling expenses, cost of meal.	Immediately upon invoice from us	We may employ mystery shoppers at your expense.
Transfer Fee[7]	\$5,000-\$10,000; plus a \$10,000 training fee which may be waived for existing Franchisees	At time of transfer.	See Note 5.
Operation of the Restaurant in Case of Your Absence, Incapacity or Death	\$250 per day plus expenses; plus you indemnify us for our operation.	Weekly after time of service	Prevents harmful interruption or depreciation of the Restaurant in case of your absence, incapacitation or death. (Paragraph XXI.)
Insurance Policies[8]	\$10,000 to \$50,000	Must have the policies within 90 days after signing the Franchise Agreement, but before you acquire an interest in the real property on which you will operate the Restaurant	Minimum amounts required. Payable to insurance company. (Paragraph XIV.)
Additional Manager Training	You must pay the rate published in the applicable Manual not to exceed \$75 per day plus any expenses as well as your employees' expenses in attending	Time of service	You pay for training if you request it if you hire more than one new manager per year. (Paragraph IV.C.)

Column 1 Type of Fee	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Where there is a dispute as to whether the franchisee is incapacitated	Cost to hire 3 physicians to assess whether franchisee is incapacitated; you must pay only if physicians disagree with your assessment	Time of determination by physicians	Determination made by the majority decision of 3 licensed medical physicians. (Paragraph XIX.C.)
Cost of Enforcement or Defense	All costs including accounting and attorneys' fees	Upon settlement or conclusion of claim or action	You must reimburse us for all costs in enforcing our obligations under the Franchise Agreement if we prevail. (Paragraphs XVII.F., G., XXV.)
Indemnification	All costs including attorneys' fees	Upon settlement or conclusion of claim or action	You must defend suits at your own cost and hold us harmless against suits involving damages resulting from your operation of the Restaurant. (Paragraph XXII.C.)
Miscellaneous	Varies	Upon breach of the Franchise Agreement	You and anyone executing the Franchise Agreement must personally guaranty and comply with all terms of and will be liable for any breach of the Franchise Agreement. (Paragraph XXIII.)
Other Fees[9]	Actual Amounts	Immediately Upon Notice	See Note 9.

NOTES:

Except as otherwise noted, all fees that are imposed and collected by and payable to us, are uniform, and are nonrefundable.

[1] Royalty Fees for WS and WG Restaurants. The royalty fee for WS and WG Restaurants is currently uniformly imposed.

[2] Gross Sales. "Gross Sales" means all sums received or receivable by you, directly or indirectly, from or in connection with the operation of the Restaurant, including revenues generated from sources on account of the sale of food and beverages and other goods and products (including vending machines, games, slot machines, amusement rides, and telephones), and from the rendering of services of any kind or nature, at or from the Restaurant, or under, or in any way connected with the use of, the Mark, whether for cash, credit, or barter. The amount of all sales tax receipts or similar tax receipts which, by law, are chargeable to customers, if those taxes are separately stated when the customer is charged, and the amount of any actual

refunds, rebates, over-rings, and allowances given to customers in good faith, are deducted from Gross Sales to the extent they have been included. (Paragraph X.D.)

On Monday of each week, you must submit a weekly sales report, on a form we approve, reporting all Gross Sales for the preceding week. By the 15th day of each month you must make your Royalty Fee payment on your Gross Sales from the immediately preceding month.

[3] National Advertising Fund for WG Restaurants. Currently, we have suspended the requirement for new WG Restaurants to contribute to the National Advertising Fund. In lieu of the contribution to the National Advertising Fund for WG Restaurants, new WG Restaurant franchisees must contribute $250 monthly to the A.D.R.F. for WS Restaurants. We reserve the right to reinstate the National Advertising Fund contribution requirement at any time in our sole discretion.

[4] Audit. If we audit the Gross Sales and your records for any reporting period are found to be understated by more than 2%, you will be responsible for and must immediately pay to us the cost of the audit (in addition to all amounts which are due but unpaid), otherwise, we will pay the cost of the audit. (Paragraph XI.I.) We and our agents may temporarily remove your Financial Records to our offices for copying, review and/or audit. We will bear the cost of all your inspections, but if any inspection discloses that you have failed to comply with any provision of the Franchise Agreement or the applicable Manual in a manner that would permit us to terminate the Franchise Agreement if uncured, you will have to pay the direct costs of the inspections.

[5] Relocation Royalty. Unless you, or an Affiliate (defined below) are or will become the owner of the real estate on which the Restaurant is located, the term of the Franchise Agreement will automatically expire upon the earlier termination, without fault or agreement of you, or earlier expiration of your lease, or other right of possession and occupancy of the Restaurant, unless you construct and operate a new Restaurant in the Territory, at a location that we approve. Our approval will not be unreasonably withheld. If your lease or other right of possession and occupancy of the Restaurant and Location will cease before the date that you have completed construction of a new Restaurant, you must pay to us, as a Royalty Fee, for each month that the new Restaurant is not open for business a sum equal to the average Royalty Fee that you paid to us during the 12 month period immediately preceding the month that the Restaurant closed. For purposes of this paragraph alone, "Affiliate" includes any person, corporation, general partnership or other entity which directly, or indirectly through one or more intermediaries, controls, is controlled by, or is in under common control with you. (Paragraph III.B.)

[6] Design Specifications. When you sign the Franchise Agreement if the Restaurant has not been constructed, or if the building at the Location has been constructed, but does not comply with our established standards for new franchised restaurants when you sign the Franchise Agreement, you must at your cost promptly cause the Restaurant and Location to be constructed, equipped and improved according to our standards. Promptly and before the renovation or construction of the Restaurant and Location, we will provide to you copies of our specifications for the design and layout of the Restaurant and required building, fixtures, equipment, furnishings, decor and signs. You must, in all respects, comply with all of the specifications and criteria unless we agree to modifications in writing. These modifications will customarily be made only if required by zoning or similar laws, landlord requirements, unique plot problems or

similar matters. You must employ architects and general contractors of your own selection, and at your cost, to prepare architectural, engineering and construction drawings and site plans, and to obtain all permits and approvals, required to construct, remodel, renovate, and/or equip the Restaurant and Location. When completed, the Restaurant and Location will in all respects comply with our specifications. (Paragraph III.B.)

[7] Transfer Fee. The assignee pays to us a transfer fee of $5,000 if the assignee is an existing Franchisee or $10,000 if a new Franchisee which is a reasonable amount to cover our expenses for the assignment. A training fee of $10,000 is required. We may waive the training fee if the assignment is to an existing Franchisee.

[8] Insurance Policies. The following is a list of the required coverage with their respective minimum limits of coverage: (Paragraph XIV.B.)

1. All risks coverage insurance on the Restaurant and all fixtures, equipment, supplies, products and other property used in the operation of the Restaurant (which coverage may include flood and/or earthquake coverage where appropriate and theft insurance) for full repair and replacement value without any applicable co-insurance clause, except that an appropriate deductible clause is permitted;

2. Workers' compensation and employer's liability insurance and other insurance required by statute of the state or country in which the Restaurant operates;

3. Comprehensive general and product liability insurance, including a per premises aggregate with the following coverages: broad form contractual liability; personal and advertising injury; products/completed operation; insuring us and you against all claims, suits, obligations, liabilities and damages, including attorneys' fees, based upon or arising out of actual or alleged personal injuries or property damage resulting from, occurring in the course of or otherwise concerning the Restaurant, including General Aggregate coverage in the following limits:

Coverage	Minimum Limits of Coverage
General Aggregate	$2,000,000
Products/Completed Operations Aggregate	$2,000,000
Personal and Advertising Injury	$1,000,000
Each Occurrence	$1,000,000
Excess/Umbrella Liability	$1,000,000
Fire Damage (any one fire)	$100,000
Medical Expense (any one person)	$5,000
After Medical Expense (any one person)	$5,000

The amounts of coverage required may be modified from time to time by us to reflect inflation or future experience with claims;

4. Business interruption insurance for actual losses sustained;

5. Automobile liability insurance, including owned, hired and non-owned vehicle coverage, with a combined single limit of at least $1,000,000; and

6. Other insurance and types of coverage that may be required by the terms of any lease for the Restaurant or that may be required by us.

If you fail to procure and maintain this insurance coverage, we have the right and authority to procure this insurance coverage and to charge you, which charges, together with a reasonable fee for our expenses incurred in this procurement, will be payable by you immediately upon notice. (Paragraph XIV.D.)

[9] Other Fees. In addition to all other payments required you must pay us or any Affiliate, subsidiary or parent ("Related Entities"), as applicable, promptly when due:

1. The amount of all sales taxes, use taxes, personal property taxes and similar taxes, if any, imposed upon you and required to be collected or paid by us on account of goods or services furnished by you for sale, lease or otherwise on account of Royalty Fees or Franchise Fees collected by us from you;

2. All amounts paid or advanced by us on your behalf which we have become obligated to pay on behalf of you, for any reason whatsoever; and

3. All sums due on account of the purchase or products or services supplied by us to you.

Any interest owed begins to accrue from the date of underpayment. No other fees or payments are to be paid to us, nor do we impose or collect any other fees or payments for any third party. Any fees paid to us are non-refundable unless otherwise noted. Fees paid to any third parties are refundable based on your arrangements with third parties.

ITEM 7

ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

For WS Restaurants (except Western Sizzlin Express Restaurants) and WG Restaurants

Column 1 Type of Expenditure	Column 2 Amount	Column 3 Method of Payment	Column 4 When Due	Column 5 To Whom Payment is to be made
Initial Franchise Fee[1]	$ 30,000	Lump Sum	Upon Signing Franchise Agreement	Us
Real Property[2]	$ 375,000 $ 2,300,000	As Arranged	As Arranged	Landlord, Utility Companies, Construction

Column 1 Type of Expenditure	Column 2 Amount	Column 3 Method of Payment	Column 4 When Due	Column 5 To Whom Payment is to be made
				Companies
Site Development	$ 250,000 $ 1,000,000	As Arranged	As Arranged	Approved Suppliers
Utility and Security Deposits	$ 1,000 $ 50,000	As Arranged	As Arranged	Utility Companies
Initial Inventory[3]	$ 20,000 $ 30,000	As Arranged	As Arranged	Approved Suppliers
Equipment[4]	$ 300,000 $ 700,000	As Arranged	As Arranged	Approved Suppliers
Insurance[5]	$ 10,000 $ 50,000	As Arranged	As Arranged	Insurance Company
Training[6]	$ 15,000 $ 80,000	As Incurred	As Incurred	Transportation, Hotels and Restaurants
Grand Opening Advertising	$ 10,000	As Arranged	First 60 Days of Operation	Advertisers
Additional Funds[7] (2-3 Months)	$ 50,000 $ 250,000	As Arranged	As Incurred	You Determine
TOTAL	$ 1,061,000 $ 4,500,000			

NOTES:

We relied on our, our predecessors' and our franchisees' experience to arrive at the estimates contained in the above table.

[1] Initial Franchise Fee. The Franchise Fee is described in Item 5 of this Disclosure Document. The Franchise Fee is used to defray our costs for providing training, promotional assistance and materials, and other services that we provide.

[2] Real Property. These investment figures concern expenses before opening and during the first few months of operation, and include estimated rent deposits between $8,000 and $50,000, and base rent for the first month between $4,000 and $15,000. Most units are stand-alone, although strip center locations are allowed. Since rent will vary substantially from location to location, you should adjust these numbers to reflect the actual amount of rent which you may be required to pay with the Restaurant. Your lease may also require the payment of percentage rent and other charges, including real property taxes, contract services, insurance, permits, utilities, and security expenses. The average suggested facility contains approximately

8,300 square feet of space. In the case of construction, your cost to build the restaurant will vary depending on the location. You should adjust these numbers to reflect the actual cost of the land and construction costs.

[3] Initial Inventory. You will purchase your initial inventory from approved suppliers. Neither we, nor any of our affiliates, sell initial inventory to franchisees. Your requirements for initial inventory are described in the Manual and include the required quantities of meat, poultry, pork, and vegetable products, as well as beverages and cleaning and other supplies necessary to begin operation of your Restaurant.

[4] Equipment. If you are entering into the Franchise Agreement as part of your purchase of an existing Restaurant, the cost of equipment, cash registers, signs, and other fixtures, and fixed assets may be significantly different from the figures indicated in the above table. If you must remodel or renovate the Restaurant to conform to our current standards and specifications, you will also incur expenses which we estimate will range between $50,000 and $500,000. The estimate does not include figures for the financing, lease, or otherwise of the equipment.

[5] Insurance. You must obtain and maintain policies of insurance, part of which will normally be required to be paid in advance. The above figures contemplate initial prepaid insurance premiums for 12 months between $10,000 and $50,000. Because of substantial variations in the cost of insurance, you should contact an independent insurance agent for more information.

[6] Training. You are responsible for arranging transportation and paying the expenses for meals and lodging for any persons attending the training program. The amount spent will depend on the distance you must travel and the type of accommodations you choose. The estimate contemplates attendance by 3 persons for 2 weeks traveling to our designated Location.

[7] Additional Funds. This amount is projected to cover operating expenses, including employees' salaries and utility expenses for the first 2-3 months of operation. However, we cannot guarantee that this amount will be sufficient.

We do not offer any financing for your initial investment, and the availability and terms of financing to you will depend upon factors such as the availability of financing in general, your credit-worthiness, the collateral security that you may have, and policies of lending institutions concerning the type of business you will operate. The investment and expenditures required of actual franchisees may vary considerably from the projections set out above, depending on many factors, including geographical area, the amount of space leased and the business capabilities of any particular management and service team.

Any fees paid to us are non-refundable except as outlined in Items 5 and 6 of this Disclosure Document; fees paid to any third party may be refundable, depending upon the contracts, if any, between that third party and you. If you are an Area Developer, you will pay the Development Fee described in the Area Development Agreement (Paragraph II.A.) and further explained in Item 5. In addition, if you are an Area Developer, your estimated initial investment for each Restaurant which you develop under a Franchise Agreement with us, will be the same as that included in the above table.

YOUR ESTIMATED INITIAL INVESTMENT

For a Western Sizzlin Express Restaurant

Column 1 Type of Expenditure	Column 2 Amount	Column 3 Method of Payment	Column 4 When Due	Column 5 To Whom Payment is to be made
Initial Franchise Fee[1]	$ 30,000	Lump Sum	Upon Signing Franchise Agreement	Us
Real Property[2]	$ 75,000 $ 300,000	As Arranged	As Arranged	Landlord, Utility Companies, Construction Companies
Utility and Security Deposits	$ 1,000 $ 50,000	As Arranged	As Arranged	Utility Companies
Initial Inventory[3]	$ 10,000 $ 20,000	As Arranged	As Arranged	Approved Suppliers
Equipment[4]	$ 250,000 $ 300,000	As Arranged	As Arranged	Approved Suppliers
Insurance[5]	$ 10,000 $ 50,000	As Arranged	As Arranged	Insurance Company
Training[6]	$ 15,000 $ 80,000	As Incurred	As Incurred	Transportation, Hotels and Restaurants
Grand Opening Advertising	$ 10,000	As Arranged	First 60 Days of Operation	Advertisers
Additional Funds[7] (2-3 Months)	$ 50,000 $ 125,000	As Arranged	As Incurred	You Determine
TOTAL	$ 451,000 $ 965,000			

NOTES:

We relied on our, our predecessors' and our franchisees' experience to arrive at the estimates contained in the above table.

[1] Initial Franchise Fee. The Franchise Fee is described in Item 5 of this Disclosure Document. The Franchise Fee is used to defray our costs for providing training, promotional assistance and materials, and other services that we provide.

[2] Real Property. These investment figures concern expenses before opening and during the first few months of operation, and include estimated rent deposits between $8,000 and $50,000, and base rent for the first month between $4,000 and $15,000. Strip center locations are the most likely choice and as such the cost to buy land and build the building are not included. Since rent will vary substantially from location to location, you should adjust these numbers to reflect the actual amount of rent which you may be required to pay with the Restaurant. Your lease may also require the payment of percentage rent and other charges, including real property taxes, contract services, insurance, permits, utilities, and security expenses. The average suggested facility contains approximately 3,000 square feet of space. In the case of construction, your cost to build the restaurant will vary depending on the location. You should adjust these numbers to reflect the actual cost of the land and construction costs.

[3] Initial Inventory. You will purchase your initial inventory from approved suppliers. Neither we, nor any of our affiliates, sell initial inventory to franchisees. Your requirements for initial inventory are described in the Manual and include the required quantities of meat, poultry, pork, and vegetable products, as well as beverages and cleaning and other supplies necessary to begin operation of your Restaurant.

[4] Equipment. If you are entering into the Franchise Agreement as part of your purchase of an existing Restaurant, the cost of equipment, cash registers, signs, and other fixtures, and fixed assets may be significantly different from the figures indicated in the above table. If you must remodel or renovate the Restaurant to conform to our current standards and specifications, you will also incur expenses which we estimate will range between $50,000 and $500,000. The estimate does not include figures for the financing, lease, or otherwise of the equipment.

[5] Insurance. You must obtain and maintain policies of insurance, part of which will normally be required to be paid in advance. The above figures contemplate initial prepaid insurance premiums for 12 months, between $10,000 and $50,000. Because of substantial variations in the cost of insurance, you should contact an independent insurance agent for more information.

[6] Training. You are responsible for arranging transportation and paying the expenses for meals and lodging for any persons attending the training program. The amount spent will depend on the distance you must travel and the type of accommodations you choose. The estimate contemplates attendance by 3 persons for 2 weeks traveling to our designated Location.

[7] Additional Funds. This amount is projected to cover operating expenses, including employees' salaries and utility expenses for the first 2-3 months of operation. However, we cannot guarantee that this amount will be sufficient.

YOUR ESTIMATED INITIAL INVESTMENT

For an Area Developer

The minimum number of restaurants to be opened under an Area Development Agreement for either a WS Restaurant or a WG Restaurant is 2.

Column 1 Type of Expenditure	Column 2 Amount	Column 3 Method of Payment	Column 4 When Due	Column 5 To whom payment is to be made
Initial Franchise Fee[1]	$ 30,000	Lump Sum	Upon Signing Franchise Agreement	Us
Development Fee[2]	$ 15,000 per restaurant to be developed	Lump Sum	Upon Signing Area Development Agreement	Us
Additional Fee[3]	$ 15,000	Lump Sum	Upon Signing each Franchise Agreement	Us
Total	A minimum of $60,000			

NOTES:

[1] Initial Franchise Fee. The Initial Franchise Fee is described in Item 5 of this Disclosure Document. The Initial Franchise Fee is used to defray our costs for providing training, promotional assistance and materials, and other services that we provide.

[2] Development Fee. The Development Fee of $15,000 for each additional restaurant the Area Developer is granted the right to develop under the Area Development Agreement will be paid upon signing the Area Development Agreement.

[3] Additional Fee. The additional fee of $15,000 will be paid by the Area Developer upon each signing of a Franchise Agreement to operate a new Restaurant. The additional fee will be used to defray our costs for providing training, promotional assistance and materials, and other services that we provide.

We do not offer any financing for your initial investment, and the availability and terms of financing to you will depend upon factors such as the availability of financing in general, your credit-worthiness, the collateral security that you may have, and policies of lending institutions concerning the type of business you will operate. The investment and expenditures required of actual franchisees may vary considerably from the projections set out above, depending on many factors, including geographical area, the amount of space leased, the business capabilities of any particular management and service team.

Any fees paid to us are non-refundable except as outlined in Items 5 and 6 of this Disclosure Document; fees paid to any third party may be refundable, depending upon the contracts, if any, between that third party and you. If you are an Area Developer, you will pay the Development Fee set forth in the Area Development Agreement (Paragraph II.A.) and further explained in Item 5. In addition, if you are an Area Developer, your estimated initial investment for each Restaurant which you develop under a Franchise Agreement with us, will be the same as that set forth in the above table.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

The following disclosures apply for both WS Restaurants and WG Restaurants:

Approved Supplies and Suppliers

Our specifications and standards for purchasing are in the applicable Manual, as modified periodically. You must comply with all requirements described in the Franchise Agreement, the applicable Manual and other written policies supplied to you by us. (Paragraph VI.A.) We may modify the System which may require you to purchase additional Menu Items, new products, and new equipment. (Paragraph VIII.)

Certain suppliers may make payments to us because of transactions with franchisees. During our fiscal year ending December 31, 2018, we received $85,942 in rebates, commissions or other consideration from one of our approved suppliers of Proprietary Products based on sales to our franchisees. However, we paid all of these vendor contributions into the A.D.R.F., which means Advertising Development and Research Fund.

Currently, there is a franchisee organization that acts as a purchasing cooperative. We currently negotiate arrangements with certain suppliers for the benefit of franchisees.

Except as otherwise stated in this Item 8, you are not required to purchase any goods, services, supplies, fixtures, equipment, inventory, computer hardware and software, real estate, or comparable items related to establishing or operating the Restaurant either from us, our designee, or suppliers approved by us, or under our specifications. We do not provide any material benefits to franchisees based on their purchase of particular products or services or use of particular suppliers. There are currently no suppliers in which an officer listed in Item 2 owns an interest.

In the operation of the Restaurant, you must use only displays, trays, napkins, boxes, bags, labels, forms and other paper and plastic products imprinted with the Marks and colors we require and you must purchase these items only from third parties licensed by us to duplicate the Marks on these items. (Paragraph XII.N.)

We require all new Restaurants in the System to install all vending machines, video games, jukeboxes, gum or candy machines, pinball machines, rides or other similar devices as we may require from time to time, except as prohibited by applicable law. Currently we require all new Restaurants to install a skill crane and pirate chest and we reserve the right to modify the required devices from time to time. There is no fee for the installation of these vending machines. You are responsible for ensuring that any lease for the Restaurant does not prohibit installation and use of vending machines and/or candy. You may not install any vending machines without our prior written approval, which may be withheld in our sole discretion. We may require you to contract with designated vendors or suppliers of vending machines, which may include us and/or its affiliates. We have the right to retain any rebates or incentives offered by such vendors or suppliers.

Proprietary Products

We may require that you use, offer or promote, and maintain in stock at the Restaurant in quantities as are needed to meet reasonably anticipated consumer demand, certain proprietary spice mixes, seasonings, flavorings and marinades which are manufactured in accordance with our proprietary recipes, specifications and/or formulas. (Paragraph XII.G.)

You must purchase Proprietary Products from our designated suppliers. We do not sell Proprietary Products directly to franchisees. Currently, neither we nor our affiliates are approved suppliers for any goods or services. We estimate that your purchase of Proprietary Products will represent approximately 1% to 5% of your initial and ongoing costs. We are not obligated to reveal our recipes, specifications or formulas for the Proprietary Products to you, non-designated suppliers, or any other third parties.

Non-Proprietary Products

We may designate Non-Proprietary Products which you may or must use and sell at the Restaurant. You may purchase Non-Proprietary Products from us if we supply them (as noted above, we do not currently supply any products directly to franchisees). You may use or sell only approved Non-Proprietary Products purchased from approved suppliers. We will provide a minimum of 2 product brands, if available, or specifications for each Non-Proprietary Product.

You may purchase Non-Proprietary Products from approved suppliers or suppliers that you select and which we approve in writing before you make the purchase. Each supplier that we approve must demonstrate to our satisfaction:

1. Its ability to supply a Non-Proprietary Product meeting our specifications, including brand names, contents, quality, and compliance with governmental standards and regulations; and

2. Its reliability concerning the consistent quality of its products or services.

If you desire to purchase any Non-Proprietary Products from a supplier that we have not approved, we will furnish you with our specifications for Non-Proprietary Products within 20 days of your request if the specifications are not in the applicable Manual. You must deliver to us written notice of your desire to seek approval for the supplier and provide:

1. The name and address of the proposed supplier;

2. Information that we request or that is required in the applicable Manual; and

3. The Non-Proprietary Products you wish to purchase from this supplier.

We may request that the proposed supplier furnish product samples, specifications and other information that we require at no charge to us. If we do not disapprove the proposed supplier in writing within 30 business days after we receive all requested information, the supplier will be deemed approved until we withdraw its approval. As a condition of approval, we may require the supplier to provide free samples of any Non-Proprietary Product that it intends to sell to you, faithfully comply with our specifications for the Non-Proprietary Products that it sells, and to only sell Non-Proprietary Products bearing our Trademarks to our franchisees under a trademark license agreement with us. See Item 6 for more information.

We may authorize you to test market products and/or services in the operation of the Restaurant. You must cooperate with us in test-marketing programs and comply with our established rules and regulations concerning test-marketing programs. (Paragraphs XII.II.,I.)

We estimate that your purchase of Non-Proprietary Products will represent approximately 5% of your initial and 10% of your ongoing costs. For fiscal year ending December 31, 2018, we did not receive revenue from franchisees' purchases of Non-Proprietary Products.

Our Specifications

We will give you the name of at least one Approved Supplier for each item required to be purchased in accordance with our standards and specifications.

Real Estate

If you lease the Location, the lease will be subject to our approval. You must promptly deliver an approved lease to us after you sign it. The lease must contain the terms required by the applicable Manual and state that it may not be amended without our written consent. You must provide us with a copy of any lease modifications. You must perform all of the lease's terms. (Paragraph III.J.)

The Restaurant must be constructed, or if already constructed, modified in accordance with our specifications for design, layout, building, fixtures, equipment, furnishings, decor and signs.

You must maintain the condition and appearance of the Restaurant with our then-existing standards. You must renovate the Restaurant as we periodically require, which will not be within the first 5 years of your franchise term. We may request additional renovations to be made to the Restaurant any time after the initial 5 years of your term or a previous renovation. This additional renovation will not exceed $500,000. You will honor our requests for renovations. (Paragraph III.G.)

Accounting and Records

You must purchase or lease, and install, use, maintain and upgrade computer facilities, facsimile equipment, hardware, software and other equipment, to perform cash register, bookkeeping, computerized polling of sales, accounting or other functions for the operation of the Restaurant. All computer facilities, facsimile equipment, hardware, software and other equipment must be compatible with our system as modified and must meet and be maintained in compliance with our specifications described in the applicable Manual. (Paragraph XI.G.) These items will not constitute more than 5% of your ongoing investment during the initial term of the Franchise Agreement.

You must register all sales on an electronic non-resettable cash register specified by us, and must give us access to permit reading of the running total of the cash register at any time or times at our sole discretion. You must repair all malfunctions immediately and must follow our policies and procedures during any period during which the cash register is not fully operational. You must provide us with the serial number of each cash register before using same and must keep and preserve all cash register tapes, tape readings, and other mechanical or electronic recordations of cash register readings, for a period of time and in a manner that we prescribe. (Paragraph XI.H.)

You must keep reports as we may require. (Paragraph XI.)

Insurance

We will provide minimum standards and limits for certain types of insurance coverage that you must purchase in order to standardize insurance coverage and protect you and us against insurable risks, including business interruption coverage. You must purchase the insurance promptly after you sign the Franchise Agreement and before you begin construction of the Restaurant and you must maintain the insurance throughout the initial and any renewal term of the franchise. You must amend the insurance policy periodically to remain in compliance with our current insurance standards, which will be published in the applicable Manual. At your own expense, you may obtain additional insurance beyond the required amount or what we have obtained for you. All insurance that we obtain for you may be amended or canceled at any time with 30 days written notice to you. All insurance that you purchase must name us as an additional insured, and each policy must provide that we will be given at least 30 days written notice of any amendment or cancellation of the policy. You must promptly provide us with certificates of insurance showing evidence of coverage within 10 days after you purchase the insurance and throughout the term of the insurance. (Paragraph XIV.)

ITEM 9

FRANCHISEE'S OBLIGATIONS

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

Obligation		Section In Agreement [1]	Item in Disclosure Document
a.	Site selection and acquisition/lease	Paragraphs I.A., III.; Area Development Agreement, Paragraph I.	Items 6, 8 and 11
b.	Pre-opening purchases/leases	Paragraph III.	Items 7, 8 and 11
c.	Site development and other pre-opening requirements	Paragraphs III., IV., XII.; Area Development Agreement, Paragraph V.	Items 6, 7, 8 and 11
d.	Initial and ongoing training	Paragraph IV.	Items 5, 6 and 11
e.	Opening	Paragraph III.	Item 11

Obligation	Section In Agreement [1]	Item in Disclosure Document
f. Fees	Paragraphs I., III., IV., IX., X., XI., XII., XIII. XIV., XVI., XVIII., XXI., XXII., XXIII., XXV.; Area Development Agreement, Paragraphs I.B., II., III.	Items 5 and 6
g. Compliance with standards and policies/operating manual	Paragraphs VI., VIII., XII., XXII.	Items 8, 11, 14 and 16
h. Trademarks and proprietary information	Paragraphs V., VI., VII., XV.K.; Area Development Agreement, Paragraph VI.	Items 8, 11, 13 and 14
i. Restrictions on products/services offered	Paragraphs I.B., XII.	Items 8 and 16
j. Warranty and customer service requirements	Paragraph XII.K.	Item 16
k. Territorial development and sales quotas	Paragraphs I., III.A.; Area Development Agreement, Paragraph III.	Item 12
l. On-going product/service purchases	Paragraph XII.	Items 8, 11 and 16
m. Maintenance, appearance and remodeling requirements	Paragraphs II., III., XII.	Items 6 and 8
n. Insurance	Paragraph XIV.	Items 6 and 7
o. Advertising	Paragraph IX.	Items 6 and 11
p. Indemnification	Paragraph XXII.; Area Development Agreement, Paragraph XI.	Item 6
q. Owner's participation/ management/staffing	Paragraphs IV., XII., XV., XXXII.; Area Development Agreement, Paragraph XI., Exhibit C	Item 15
r. Records and reports	Paragraph XI.	Items 8 and 11
s. Inspections and audits	Paragraphs V.E., XI.	Items 6, 11 and 13
t. Transfer	Paragraphs XVIII., XX.; Area Development Agreement, Paragraph VIII.	Item 17
u. Renewal	Paragraph II.	Item 17
v. Post-termination obligations	Paragraph XVII.	Item 17

Obligation		Section In Agreement [1]	Item in Disclosure Document
w.	Non-competition covenants	Paragraphs VII.C., XV.; Area Development Agreement, Paragraph IX.	Items 15 and 17
x.	Dispute resolution	Paragraphs XXIX., XXX.; Area Development Agreement, Paragraphs XVII., XVIII.	Item 17
y.	Licenses	Paragraph XII.L.	Item 9
z.	Personal Guaranty	Paragraphs XXXII.; Area Development Agreement, Paragraph XIX.; Personal Guaranty (Exhibit F)	Item 15

[1] The Franchise Agreement paragraph references in this table apply to both the WS Franchise Agreement and the WG Franchise Agreement. The Area Development Agreement paragraph references in this table apply to both the WS Area Development Agreement and the WG Area Development Agreement.

ITEM 10

FINANCING

Neither we, nor any agent, parent or affiliate offer direct or indirect financing. Neither we, nor any agent, parent or affiliate guarantees your note, lease or obligation, or receives any direct or indirect payments or other consideration from any person for the placement of financing with a lender.

We may loan money to A.D.R.F. as described in Item 11.

ITEM 11

FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING

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

Before you commence operations of the Restaurant under either a Franchise Agreement or Area Development Agreement, we will:

1. Designate your Location and exclusive Territory. (Paragraph I.)

2. If the Restaurant is not constructed before you sign the Franchise Agreement, provide specifications for design and layout and required building, fixtures, equipment, furnishings, decor and signs. (Paragraph I.C.)

3. Review for approval your lease for the Restaurant. (Paragraph III.J.)

4. Provide training as described in this Item 11 below. (Paragraph IV)

5. Provide you access to 1 copy of the applicable Manual. (Paragraph VI.A.) The Table of Contents is attached to this Disclosure Document as Exhibit I. Please see the Table of Contents for the number of pages devoted to each subject and the total number of pages.

6. Furnish you the standard reporting forms and charts of accounts that you must use. (Paragraph IX.E.)

7. Provide names and written specifications for equipment, signs, fixtures, opening inventory and supplies. We do not deliver nor install these items. (Paragraph XIII.B.)

During your operation of the Restaurant under either a Franchise Agreement or Area Development Agreement, we:

1. Will train you and your manager as described below. (Paragraph IV.)

2. Will use our reasonable efforts to maintain all financial information received from you in confidence; however, we have the right to use and disclose this information to third parties, including the public, if your identity and the Location of your Restaurant are not disclosed. (Paragraph XI.E.)

3. May employ mystery shoppers to dine in and review the Restaurant. You will reimburse us for the cost of engaging the mystery shopper, including handling expenses and the cost of the meal. (Paragraph XIII.E.)

4. May periodically advise you as to the various suggested prices. Any list or schedule of prices that we furnish to you is by way of recommendation only, and is not to be construed as binding or mandatory upon you. (Paragraph XIII.A.)

5. Will furnish to you the standard reporting forms and charts of accounts that you must use. (Paragraph XI.)

6. Will provide general standards for the cash registers and computer hardware and software you need for the Restaurant. (Paragraph XI.H.)

7. May periodically change or modify the System. (Paragraph VIII.)

8. Will review (or have its designated advertising agency review) all your promotional materials and advertising before you use it. (Paragraph IX.A.)

9. Will establish guidelines for Grand Opening Advertising and provide the guidelines to you before or during the initial training program. (Paragraph IX.B.)

10. Will advise you and specify the action to be taken when the general state of repair of your Premises or your equipment, fixtures, signs, decor or uniforms does not meet our standards. (Paragraph XII.B.)

11. May authorize you to test market products or services and you must comply with our rules and regulations. (Paragraph XII.J.)

12. When you begin operation of the Restaurant and during the term of the Franchise Agreement, we will provide to you the following: (Paragraph XIII.B.)

a. A comprehensive list of established sources of equipment, foods, supplies and containers necessary for the operation of the Restaurant and provide specifications for these products;

b. Coordination of certain product distribution for local, regional and national suppliers;

c. Regulation of quality standards and products in conformance throughout the network of Restaurants;

d. Coordination of Advertising Materials and strategies;

e. Negotiation of group rates for purchases of products and materials; and

f. Ongoing training and support.

13. Will furnish you with operations assistance we believe to be necessary. Operations assistance may include advice and guidance for: (Paragraph XIII.C.)

a. Proper utilization of procedures by the Restaurant regarding the service and sale of all Menu Items, other food and beverage items and related items and materials as approved by us;

b. Additional products and services authorized for sale from the Restaurants;

c. Purchase of ingredients and other food and beverage items, materials and supplies;

d. The institution of proper administrative, bookkeeping, accounting, inventory control, supervisory and general operating procedures for the effective operation of the Restaurant;

e. Advertising and promotional programs; and

f. Ongoing research and development of new procedures and techniques, new products and materials and other enhancements to the System.

14. May operate the Restaurant because of absence, incapacity or death or upon your default. (Paragraph XXI.)

15. May have field representatives visit your Restaurant to render advice and consultation or training, for the Restaurant, its operation and performance, and compliance with the Manual. You may inquire of our headquarters staff, our field representatives and training staff for problems relating to operation of the Restaurant, by telephone or correspondence, and we will use our best efforts to diligently respond to these inquiries, in order to assist you in the operation of the Restaurant. (Paragraph IV.E.)

16. May allow Developer, subject to the terms of the Area Development Agreement, to construct, equip, open and operate more restaurants in the Designated Territory than the minimum required. (Paragraph I.A.)

We do not have operational obligations to you under the Area Development Agreement.

Advertising:

We created A.D.R.F., a not-for-profit corporation to administer advertising development and research projects. Currently, A.D.R.F. members are both WS Restaurant franchisees and WG franchisees who contribute at the same rate. The scope of A.D.R.F. advertising is local, regional and national. A.D.R.F. Advertising Materials are created by A.D.R.F.'s in-house advertising department. The A.D.R.F. is advised by a council of franchisee members; 1 member is elected from each regional cooperative. This council has operational and decision-making power. WSFC does not have any power to form, merge, change or dissolve the A.D.R.F. council. Except as provided otherwise in the Franchise Agreement, A.D.R.F. will conduct its affairs according to its charter and by-laws set by the A.D.R.F. Board of Directors. The charter and by-laws are available for your review. (Paragraph IX.C.)

WS Restaurant franchisees and WG Restaurant franchisees will contribute $250 per month per Restaurant to A.D.R.F. We will also contribute each month for each WSFC-owned Restaurant. All A.D.R.F. Fees ("A.D.R.F. Fees") received from franchisees and WSFC-owned Restaurants will be spent to conduct research and develop, national, regional, and/or local advertising campaigns designed to promote the image or patronage of franchised and WSFC-owned Restaurants operating under the Marks. A.D.R.F. may conduct marketing studies, and produce Advertising Materials, radio and television commercials, musical jingles, print advertisements, point of sale materials, direct mail materials, and promotional material ("Advertising Materials"). A.D.R.F. may also use these amounts to reimburse its actual direct expenses for personnel or outside consultants and representatives hired or retained to conduct the research or produce and develop the Advertising Materials, but will not use any monies to solicit new franchises. A.D.R.F. may make Advertising Materials developed with A.D.R.F. fees available to you and other franchisees with or without additional charge. The A.D.R.F. Board of Directors may increase or decrease this monthly fee, with WSFC approval. Any increase or decrease will be uniformly applied to franchisees and WSFC-owned Restaurants, and will not exceed an increase or decrease of 0.5% of your Gross Sales during the term of your Franchise Agreement. Some franchisees currently pay a different A.D.R.F. Fee based on their Gross Sales under the terms of their Franchise Agreements. These franchisees may convert to a flat A.D.R.F. Fee at their option, provided that the franchisee has met certain criteria.

We may deposit into A.D.R.F.'s account supplier's advertising cash rebates and other cash rebates that we receive from suppliers, if any.

We may lend monies to A.D.R.F., and these loans will be repaid with interest, unless we and A.D.R.F agree otherwise in writing. All monies that we advanced to A.D.R.F. before December 21, 1990 must be repaid at the rate of $10,000 a month. Otherwise, there is no set policy or loans from us to A.D.R.F.

We may pay all reasonable travel and meeting expenses concerning A.D.R.F. meetings and the meetings of any A.D.R.F. subcommittees.

A.D.R.F. will determine, in its total and subjective discretion and exercised in good faith, the cost, media, content, format, style, timing, allocation, and all other matters concerning the advertising. A.D.R.F. is not required to allocate or expend monies to benefit any particular franchisee or group of franchisees on a pro rata or proportional basis or otherwise.

A.D.R.F. must furnish to you, within 120 days after the end of each calendar year, an unaudited report for the preceding year, prepared and certified as correct by an officer of A.D.R.F., describing the income and expenditures of A.D.R.F. during the year concerning monies, and the amount, if any, remaining which will be carried over for use during the following years.

In the most recently concluded fiscal year ending December 31, 2018, the percentages spent on production and administrative expenses were allocated as follows:

Production	80%
Media Placement	0%
Administrative Expenses	20%
Other Uses	0%
Total	100%

A.D.R.F. pays a management fee to us for purposes of administration of the advertising fund.

Periodically during the term of the Franchise Agreement, A.D.R.F. will have the right to establish and conduct promotional campaigns on a national or regional basis, which may by way of illustration promote particular products or marketing themes. You must participate in the promotional campaigns upon the terms and conditions as the A.D.R.F. may establish. This participation may require you to purchase point of sale Advertising Material, posters, flyers, product displays and other promotional material. You are not required to charge a particular price for the goods and services offered at your Restaurant other than those you determine. (Paragraph IX.L.)

We previously established a National Advertising Fund to administer advertising development and research projects for WG Restaurants. Currently, we have suspended the requirement for new WG Restaurants to contribute to the National Advertising Fund. In lieu of the contribution to the National Advertising Fund for WG Restaurants, new WG Restaurant franchisees must contribute $250 monthly to the A.D.R.F. for WS Restaurants. We reserve the right to reinstate the National Advertising Fund contribution requirement at any time in our sole discretion. If we do, the National Advertising Fund members will be WG Restaurant franchisees. The scope of the National Advertising Fund advertising will be local, regional and national. National Advertising Fund Advertising Materials will be created by our in-house advertising department. The National Advertising Fund will not be audited. You may obtain an unaudited accounting of the National Advertising Fund upon request.

If we reinstate the National Advertising Fund, WG Restaurant franchisees will contribute 0.5% per week per Restaurant to the National Advertising Fund. We will also contribute each month for each company-owned WG Restaurant. All National Advertising Fund Fees received from franchisees and company-owned WG Restaurants will be spent to conduct research and develop, national, regional, and/or local advertising campaigns designed to promote the image or patronage of franchised and company-owned WG Restaurants operating under the Marks. The National Advertising Fund may conduct marketing studies, and produce Advertising Materials, radio and television commercials, musical jingles, print advertisements, point of sale materials, direct mail materials, and promotional material ("Advertising Materials"). The National Advertising Fund may also use these amounts to reimburse its actual direct expenses for personnel or outside consultants and representatives hired or retained to conduct the research or produce and develop the Advertising Materials, but will not use any monies to solicit new franchises. The National Advertising Fund may make Advertising Materials developed with National Advertising Fund fees available to you and other franchisees with or without additional charge. We may increase or decrease this monthly fee. Any increase or decrease will be uniformly applied to franchisees and company-owned WG Restaurants, and will not exceed an increase or decrease of 0.5% of your Gross Sales during the term of your Franchise Agreement.

The National Advertising Fund will determine, in its total and subjective discretion and exercised in good faith, the cost, media, content, format, style, timing, allocation, and all other matters concerning the advertising. The National Advertising Fund is not required to allocate or expend monies to benefit any particular franchisee or group of franchisees on a pro rata or proportional basis or otherwise.

In the most recently concluded fiscal year ending December 31, 2018, no amounts were spent on production, media placement, administrative expenses, or any other uses because we suspended the National Advertising Fund.

We will not use National Advertising Fund amounts to solicit new franchise sales, but we reserve the right to do so in the future. Any funds not spent in a fiscal year will be carried over for use during the following years.

Periodically during the term of the Franchise Agreement, The National Advertising Fund will have the right to establish and conduct promotional campaigns on a national or regional basis, which may by way of illustration promote particular products or marketing themes. You must participate in the promotional campaigns upon the terms and conditions as the National Advertising Fund may establish. This participation may require you to purchase point of sale Advertising Material, posters, flyers, product displays and other promotional material. You are not required to charge a particular price for the goods and services offered at your Restaurant other than those you determine. (Paragraph IX.L.)

Both the A.D.R.F. and the National Advertising Fund are intended to maximize recognition of the Marks and patronage of WS Restaurants and WG Restaurants. Although the

A.D.R.F. and the National Advertising Fund will try to use contributions to develop advertising, marketing materials and programs, and to place advertising and marketing, that will benefit all WS Restaurants and WG Restaurants, we need not ensure that the A.D.R.F. or National Advertising Fund expenditures in or affecting any geographic area are proportionate or equivalent to contributions by the WS Restaurants or WG Restaurants operating in that geographic area or that any WS Restaurant or WG Restaurant benefits directly or in proportion to its contribution from the development of advertising and marketing materials or the placement of advertising. We also are not required to spend any amount on advertising in a franchisee's geographic area.

You must spend on local advertising and promotions an amount equal to 2% of your Gross Sales each week. You must conduct all local advertising according to our standards which we will provide to you. Within 30 days of the end of each calendar month, you must furnish to us, in a manner we approve, an accurate accounting or your expenditures on local advertising and promotions for the immediately preceding calendar month. (Paragraph IX.G.)

We have the right to create Co-op Advertising and/or Purchasing Regions ("Co-ops") by Areas of Dominant Influence ("ADI") as established by Arbitron or our other prevailing standard. If and when we create a Co-op for the region in which the Restaurant is located, you will become a subscriber and member of, and participate in, according to the Subscription Agreement and By-laws of the Co-op. The size and content of these regions, when and if we establish, will be binding upon you and all other franchisees similarly situated who are required by the terms of their franchise agreements to so participate. At all meetings of the Co-op, each participating franchisee, and we will be entitled to 1 vote for each Restaurant located within the Co-op. At any time upon reasonable notice, 20% of the eligible members by vote, or a majority of the directors, may call a meeting of all members of a Co-op. Except as provided in the Franchise Agreement and except for any amendment of the Certificate of Incorporation or By-laws of the Co-op (which will require our affirmative), all matters concerning operation of a Co-op will be decided by majority vote if a quorum is present, and the vote will bind all members of a region, including us. A quorum will be made of members entitled to cast at least 50% of the total number of votes in the Co-op. You are not required to participate in a Co-op unless all of our Restaurants within the Region participate. (Paragraph IX.I.) We administer the Co-ops. We do not have the power to change, dissolve or merge Co-ops, but may highly recommend these actions. Any governing documents would be available for your review.

You may not offer for sale the products sold in your Restaurant through the global communication network known as the "Internet" or that portion of the Internet known as the "World Wide Web", or on any other computer or alternative network accessible to the public, or through any other means of distribution whatsoever. You may not create or maintain a site or other presence, publish or advertise on the Internet, the World Wide Web or any other computer or alternative network accessible to the public, in connection with the operation of your Restaurant. If you do so, you will be considered to be in default of your Franchise Agreement.

Computer System:

You must obtain and use in your Restaurant cash registers and computer hardware and software that meet our general standards. Although we do not currently do so, we have the right to require that you use certain brands, types, makes, and/or models of communication, information technology and/or computer hardware and software and related equipment as part of your cash register, point-of-sale system, or computer hardware and software, computerized cash registers or record keeping facilities. This may include menu boards, back office and point-of-sale systems (such as food cost management, supply management and labor management systems) and anti-virus software, camera/surveillance systems, communication (headsets), music systems, kitchen production system, computer network, printers and other peripheral hardware or devices; archival back-up systems, broadband access specifications including mode and speed, the tangible media upon which you will record data; the database file structure for the point of sale system, and similar hardware, software or devices designed to enhance the efficiency of restaurant operations. Currently, we require you to register all sales on an electronic non-resettable cash register that meets our specifications. You may obtain this equipment from any approved supplier.

We estimate that the computer hardware and software will cost approximately $25,000. The types of data to be generated or stored in the cash register includes sales, customer traffic, labor, product mix and employee statistics. There is no contractual limit on the number of times you must upgrade this equipment or on the amount of money that you must spend in doing so. Neither we nor our affiliates, nor any third parties must provide ongoing maintenance, repairs, upgrades or updates to your cash registers and computer system. There are currently no optional or required maintenance or upgrade contracts for your cash registers and computer system or other computer equipment, although typically manufacturers offer these services. Because of varying market conditions and suppliers from whom you may acquire your cash registers and computer system, we are unable to estimate the annual cost of any optional maintenance, updating, upgrading or support contracts. We will have unlimited access to all of your data, systems and related information either independently or by direct access, whether in person or by telephone/modem. You must provide us access to your cash register so that we can read the running total of the cash register at any time. We will not provide assistance to you in obtaining the cash registers or computer hardware other than providing the specifications for these items and providing the names of approved suppliers. Although we do not currently do so, we may require you to use a specific computerized cash register or computer hardware or software in the future. (Paragraphs XI.G and XI.K)

Methods Used to Select the Location of the Restaurant:

We will not own the site and lease it to you for your operation of the Restaurant. After you have located a site for construction of a Restaurant, you must submit to us information regarding the proposed site as we require together with the terms of any proposed lease concerning the site. We may seek additional information as it deems necessary within 30 days of submission of the prospective site, and you must respond promptly to the request for additional information. If we do not reject the site in writing within 30 days or within 30 days after a receipt of additional information, whichever is later, the site will be deemed approved. We will not unreasonably reject a proposed site. You must then begin construction and operation of the Restaurant under the terms of the Franchise Agreement. (Paragraph III.A.) If you do not locate a site for the Restaurant acceptable to us within 6 months of the date you sign the Franchise Agreement, the Franchise Agreement may be terminated. (Paragraph I.D.)

You are solely responsible for selecting the site for the Restaurant within the area designated in the Franchise Agreement. We will not own the site and lease it to you for your operation of the Restaurant. If the Location is not designated at the time you sign the Franchise Agreement, we will use reasonable efforts to assist you. Our approval of the site is required. We will approve a site within 30 business days. (Paragraph III.A.) If you cannot locate a site for the Restaurant acceptable to us within 6 months of the date you sign the Franchise Agreement, the Franchise Agreement may be terminated. See Item 5 for more information.

Our methods, in approving the Location for the proposed site may include the following factors: general location, traffic patterns, parking, size, layout and other physical characteristics of the Premises. If you sign an Area Development Agreement with us, we will approve the location of future Restaurants using our then-current standards for sites.

Typical Length of Time Before Operation:

The typical length of time between the signing of the Franchise Agreement, or the first payment of any consideration for the franchise, and the opening of the Restaurant is approximately 6 to 9 months.

You must begin construction or renovation within 5 months after the date of signing the Franchise Agreement. (Paragraph III.D.)

Subject only to causes beyond your reasonable control, such as strikes, material shortages, fires and other acts of God, which you could not by the exercise of due diligence have avoided, you must complete construction or renovation of the Restaurant and all improvements, including installation of all fixtures, signs, equipment and furnishings within 7 months after the construction or renovation begins. At all times before you commence the operation of the Restaurant, we will have the right to inspect and examine the Premises and any fixtures, signs, furnishings and equipment for the purpose of insuring compliance with our standards and specifications. (Paragraph III.E.)

Your operation of the Restaurant must begin within 12 months following the date you sign the Franchise Agreement, subject only to causes beyond your reasonable control, such as strikes, material shortages, fires and other acts of God, which you could not by the exercise of due diligence have avoided, in which case the time for completion may be extended for a reasonable period of time. (Paragraph III.F.)

Training:

TRAINING PROGRAM

Column 1 **Subject**	**Column 2** **Hours of Classroom Training**	**Column 3** **Hours of On-The-Job Training**	**Column 4** **Location**
Meat Cutting	12.5	12.5	Note 1
Dishwasher	2.5	2.5	Note 1
Fry Cook	5	5	Note 1
Connerton Cook	12.5	12.5	Note 1
Hot Bar Attendant	7.5	7.5	Note 1
Cold Bar Attendant	5	5	Note 1
Hot Food Prep	7.5	7.5	Note 1
Cold Food Prep	5	5	Note 1
Service Line	7.5	7.5	Note 1
Cashier	5	5	Note 1
Bakery	7.5	7.5	Note 1
Server	5	5	Note 1
Advertising/Marketing	5	5	Note 1
Administration/Personnel	37.5	37.5	Note 1
Shift Mgmt/Inventory Control	37.5	37.5	Note 1
Safety and Sanitation	37.5	37.5	Note 1
Totals	**200**	**200**	

1. The training will be held at a WSFC-owned or certified training restaurant (at our discretion) located in Manassas, Virginia and will also be held at your Restaurant.

The training program is designed to be flexible in terms of how long a trainee must spend in any given area. The initial training schedule is open and offered on an as needed basis. Once a trainee masters an area of Restaurant operation, the trainee will move on to the next position. Some areas take different trainees longer than others.

Our Franchise Field Consultant and Director of Training, Rick Henderson, will supervise the training. (See Item 2). Mr. Henderson has over 43 years of experience in the restaurant industry and has been involved in new restaurant openings and the training of our franchisees since February 1998 when he began working for us

Your expenses in attending this program, including travel costs and employees' salaries, will be your sole responsibility.

You must complete our training program to our satisfaction. The length of time between signing the Franchise Agreement and the start of initial training is approximately 180 days.

Before operating the Restaurant, a new franchisee and/or his new management staff, as appropriate, will attend our training program at the franchisee's expense. The training will consist of training in our System and methods of operation. In the case of a corporate or partnership franchisee, we will also train your selected and WSFC-approved shareholder or general partner, and in the case of a sole proprietor who will not also be the manager of the Restaurant, we will also train the sole proprietor. The initial training program will include: (Paragraph IV.A.)

17. Training at a WSFC-owned or a certified training restaurant (which we designates) for approximately 6 weeks;

18. Approximately 1 week at your Restaurant, before opening; and

19. Approximately 1 week of training at your Restaurant following the opening.

Additionally, if you are not to be the manager of the Restaurant, you, or the person designated as the key employee who will supervise the operation of the Restaurant must complete a training program to our satisfaction for a minimum duration of 2 weeks. We will pay no compensation for any services performed by trainee(s), and you must pay all travel and living expenses incurred by trainee(s).

Each Restaurant manager that you employ must attend and complete our training program to our satisfaction, unless we waive it because of the manager's training and qualifications. We will train 1 new manager that you employ each year during the term of the Franchise Agreement at no additional charge to you. If we train any additional managers or other personnel, you must pay us standard training fees then in effect. In all cases, you must bear all travel and living expenses incurred by the trainee(s), and we will pay no compensation for any services performed by the trainee(s) in the training program. (Paragraph IV.C.)

We may periodically make available to you additional training courses or programs during the term of the Franchise Agreement. We may make your attendance or the attendance of the manager of the Restaurant mandatory concerning certain of these courses and may make your attendance at these training courses optional. We will not charge for mandatory training courses, but may, in our discretion, establish charges applicable to all franchisees similarly situated, for optional training courses. With mandatory or optional training courses, you will pay all transportation costs, food, lodging and similar costs incurred concerning attendance at these courses. The time and place of both mandatory and optional training courses will be at our sole discretion. (Paragraph IV.D.)

ITEM 12

TERRITORY

You will receive an exclusive territory ("Territory") with an area outlined in the map attached to the Franchise Agreement as Exhibit A. The Territory will typically be delineated by streets or other discernable boundaries and will not be less than 2 miles in any direction from your Restaurant Location. We will not grant to ourselves or another person a similar franchise within your Territory. You are granted the right to use and display the Marks and System at one location only. You may not relocate the Restaurant without our prior written approval. You may not use channels of distribution other than the Restaurant to make sales. (Paragraph I.A.)

The Territory will be defined by zip code boundaries, county boundaries, highways, physical landforms and other factors we think appropriate. The typical territory will include a minimum population base of 30,000 people with a 2.5 mile radius from the Restaurant Location unless the Restaurant is inside a major shopping mall servicing a food court, or in an airport. If you sign an Area Development Agreement with us, we will determine the territory of future Restaurants using our then-current standards for territories. You maintain rights in your Territory even if the population within your Territory increases. There are no other circumstances which allow us to modify the Territory or your territorial rights. You have no options, rights of first refusal, or similar rights to acquire additional franchises within the Territory or contiguous geographical territories.

Continuation of your territorial exclusivity does not depend on your achieving a certain sales volume, market penetration, or other contingency.

We have the right, in our sole discretion, to grant other franchises outside of the Territory as we, in our sole and exclusive discretion, deems appropriate. We or another franchisee are not prohibited from advertising within the Territory. (Paragraph I.B.)

We or any Related Entities of ours reserve the right to offer and sell at wholesale, retail or through any other channel of distribution, both within and outside of the Territory, products and services which comprise or may in the future comprise a part of the System including the Proprietary Products, which products may be resold at retail or through any other channel of distribution including, but not limited to, supermarkets and other retail facilities to the general public by these entities. (Paragraph I.B.)

We and any Related Entities reserve the right to sell at both wholesale and retail, both within and outside of the Territory, all products and services which do not comprise a part of the System. We or Related Entities also reserve the right to establish food service businesses in the Territory operating under a format and trademarks and service marks distinct from this franchise System, including those disclosed in Item 1. (Paragraph I.B.)

Because complete and detailed uniformity under many varying conditions may not be possible or practical, we reserve the right to vary standards for any franchisee based upon the peculiarity of the particular site or circumstance, density of population, business potential, population of trade area, existing business practices or any other condition which we deem important to the successful operation of a franchisee's restaurant. You may not require us to grant you a similar variation under the Franchise Agreement. (Paragraph I.D.)

Territorial Rights Under the Area Development Agreement

Under the Area Development Agreement, we grant to you and you accept the exclusive right to develop Restaurants in a Territory during the term of the Area Development Agreement. (Area Development Agreement, Paragraph I.A.) The Designated Territory will be defined by the criteria used to define Territories under individual Franchise Agreements multiplied by the number of Restaurants you contract to develop.

You are bound by and must strictly follow the Development Schedule described in Exhibit B to the Area Development Agreement. Time is of the essence. By the dates listed under the Development Schedule ("Option Period[s]"), you must exercise options by entering into Franchise Agreements with us for the number of Restaurants described under the Development Schedule. You must at all times after the expiration of each of the Option Periods continuously maintain in operation under each Franchise Agreement at least the number of Restaurants expressed in the Development Schedule, provided, however, that this obligation does not apply to businesses that are transferred in accordance with the provisions of the Franchise Agreement, or are closed due to force majeure. (Area Development Agreement, Paragraph III.A.)

For purposes of determining the cumulative number of your Restaurants in operation at the end of each Development Period, all Restaurants that you have under construction or that you operate within the Designated Territory before signing the Area Development Agreement, and all Restaurants which you must transfer, or which you close under written agreement between us and you, will be excluded in determining whether you have met the Development Schedule.

You must exercise each option granted only as follows: (Area Development Agreement, Paragraph III.B.)

1. By giving us written notice of your intention to exercise the option at least 30 days before signing the Franchise Agreement for the applicable business; and

2. By signing the then-current form of the Franchise Agreement for the applicable business and complying with its terms including the payment of the unpaid balance of the applicable Franchise Fee.

We will sign the Franchise Agreement only if (i) you are in compliance with all, and are not in default of any, requirements and obligations of the Area Development Agreement and all other agreements between us and you, and (ii) you are in compliance with all, and are not in default of any, of your respective obligations under any Franchise Agreement. To meet the Development Schedule, the Franchise Agreement must be signed by you and us within the applicable Option Period(s). You must comply with all of the terms and conditions of each Franchise Agreement.

During the term of the Area Development Agreement, we will not operate or grant a franchise to any other person to operate a Restaurant within the Designated Territory, excepting certain franchises which have been granted to others. (Area Development Agreement, Paragraph I.C.)

Within 60 days before the expiration of the Term, if we determine that additional development of the Designated Territory is desirable, we will notify you in writing of our determination to develop additional Restaurants in the Designated Territory and a plan for development over a five year term. Subject to the conditions set out in the Area Development Agreement, you have a right to undertake the additional development which we have set out in its notice to you. Your right of additional development must be exercised only in accordance with the Area Development Agreement and its conditions. If you do not exercise the right of additional development, we or any of our franchisees may construct, equip, open and operate additional Restaurants in the Designated Territory, but not in violation of the Territory granted to you under any Franchise Agreement currently in effect. (Area Development Agreement, Paragraph IV.C.)

At the time we deliver to you our written notice of its determination to undertake additional development in the Designated Territory, we will also deliver to you two copies of the then-current area development agreement. The new area development agreement, which may vary substantially from the Area Development Agreement, will reflect your new development obligation consistent with our plan for additional development set out in its notice to you. Within 30 days after your receipt of the new area development agreement, but no sooner than immediately after any applicable waiting periods required by law ("Disclosure Periods") have passed, you must sign 2 copies of the Area Development Agreement and return them to us. If you have so signed and returned the copies and have satisfied the conditions set out in the Area Development Agreement, we will sign the copies and return 1 fully signed copy to you. (Area Development Agreement, Paragraph IV.D.)

Your right to additional development is subject to your fulfillment of the following conditions: (Area Development Agreement, Paragraph IV.E.)

1. You must have fully performed all of your obligations under the Area Development Agreement and all other agreements between us and you.

2. You must have demonstrated to us, the financial capacity to perform the additional development obligations set out in the new area development agreement. In determining if you are financially capable, we will apply the same criteria to you as it applies to prospective area franchisees at that time.

3. You must continue to own and operate, in the Designated Territory, the aggregate number of Restaurants required in your Area Development Agreement at the expiration of the term.

Continuation of any territorial exclusivity does not depend on the achievement of a certain sales volume, market penetration or other contingency except that if you sign an Area Development Agreement, you are bound by the Development Schedule. If you fail to comply with the Area Development Agreement and its Development Schedule, your Area Development Agreement may be terminated or you may lose your territorial exclusivity. (Area Development Agreement, Paragraphs VII.C., D.) You are not prohibited from soliciting or accepting customers outside of any exclusive territory you might have and there is no compensation due to us beyond those fees disclosed in Items 5 and 6 for your doing so. There is no restriction on us to do the same. You have no options, rights of first refusal or similar rights to acquire additional franchises in any territory or specific area, except as disclosed above under the Area Development Agreement. You may open additional franchises only after signing separate Franchise Agreements for each franchise as described in Item 5.

One of our affiliates, Steak n Shake, currently operates restaurants under the name Steak 'n Shake. Another of our affiliates, SNS Enterprises, currently franchises restaurants under the name Steak n' Shake. We do not anticipate conflicts between these restaurants and WS Restaurants or WG Restaurants because these restaurants offer a distinct dining experience and menu that differs from that of WS Restaurants and WG Restaurants. If conflicts do arise, we and our affiliates will resolve them as we deem appropriate. We or our affiliates also operate restaurants (and have, in the past, franchised a limited number of restaurants) under the names "Quincy's Family Steakhouse," "Great American Buffet Restaurant" and "Great American Steak and Buffet" which may sell goods and products similar to you. If conflicts do arise, we and our affiliates will resolve them as we deem appropriate. We do not currently solicit or accept orders within any franchisee's Territory, but we do reserve the right to do so (see above).

ITEM 13

TRADEMARKS

We grant you the right to operate a Restaurant under the name of the franchise that you are acquiring and other Marks we may authorize you to use. The WS Marks (defined below) and the WG Marks (defined below) are sometimes collectively referred to as the Marks.

WSC has registered the following Marks (the "WS Marks") with the United States Patent and Trademark Office ("USPTO") on the Principal Register. You will use the WS Marks if you operate a WS Restaurant (including a Western Sizzlin Express Restaurant):

MARK	REGISTRATION NUMBER	REGISTRATION DATE
WESTERN SIZZLIN STEAK HOUSE (PLUS DESIGN)	1,126,269	October 23, 1979
WESTERN SIZZLIN STEAK HOUSE	1,360,991	September 19, 1985
WESTERN SIZZLIN	1,362,691	September 24, 1985
WESTERN SIZZLIN STEAK HOUSE (PLUS DESIGN)	1,362,680	September 24, 1985
WESTERN SIZZLIN STEAK & MORE	1,584,119	February 20, 1990
WESTERN SIZZLIN EXPRESS	5,167,735	March 21, 2017

WSC has registered the following Marks (the "WG Marks") with the USPTO on the Principal Register. You will use the WG Marks if you operate a WG Restaurant:

MARK	REGISTRATION NUMBER	REGISTRATION DATE
GREAT AMERICAN STEAK AND	1,938,676	November 28, 1995

MARK	REGISTRATION NUMBER	REGISTRATION DATE
BUFFET COMPANY		
WESTERN SIZZLIN WOOD GRILL BUFFET	2,355,500	June 6, 2000
WESTERN SIZZLIN WOOD GRILL	2,621,596	September 17, 2002
GREAT AMERICAN BUFFET	3,090,804	May 9, 2006
WESTERN SIZZLIN'S WOOD GRILL BUFFET	3,239,258	March 28, 2006

The Marks with registration dates before 1982 were originally registered by Western Sizzlin Steak House, Inc. before it merged into WSI (see Item 1 for more information). WSI acquired all rights to the Marks through an assignment filed with the USPTO, recorded December 7, 1981 (Reel 0405, Frames 194-196). WSI assigned its rights to the Marks to WSC on December 13, 1993.

WSC has made all required renewal and affidavit filings (if any are due) for these registrations.

We, as owner of all right, title and interest to the Marks, claim common law rights to the Marks. Under a License Agreement with WSC dated January 1, 2007, WSC has licensed us to use the WS Marks and to sublicense them to WS Restaurant franchisees to use in operating WS Restaurants. The License Agreement is perpetual, but either WS or WSC may terminate it with 30 days' prior notice to the other. However, termination of the License Agreement will not affect existing franchise agreements. Except as otherwise described below, no other agreement limits our right to use or license the WS Marks in a manner material to the franchise. Under a License Agreement with WSC dated January 1, 2007, WSC has licensed us to use the WG Marks and to sublicense them to WG Restaurant franchisees to use in operating WG Restaurants. The License Agreement is perpetual, but either we or WSC may terminate it with 30 days' prior notice to the other. However, termination of the License Agreement will not affect existing franchise agreements. Except as otherwise described below, no other agreement limits our right to use or license the WG Marks in a manner material to the franchise.

Pinnacle Business Partners, LLC ("Pinnacle") is currently doing business as Sizzlin' Grill Restaurant at 5811 West Irlo Bronson Highway, Kissimmee, Florida. Pinnacle has made use of a logo and signs for its Sizzlin' Grill restaurant that are similar in color, style, and design to those used by us. We believe that this is an infringing use of our parent company's federally registered word and composite trademarks "Western Sizzlin" and "Western Sizzlin Steak & More Restaurant", and WSC filed an action to enjoin Pinnacle and to recover damages. On June 6, 2012, the court denied WSC's request to enjoin Pinnacle and held that Pinnacle's use is not infringing. Therefore, WSC will not be able to enjoin Pinnacle's continued use of its current signs and logo. (Western Sizzlin' Corp. v. Pinnacle Business Partners, LLC, Case No. 6:10-cv-01452-GAB-DAB (M.D. Fla. filed September 29, 2010)).

Other than the litigation described in the previous paragraph, there are no presently effective determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state or any court, any pending infringement, opposition or cancellation, proceeding or any pending material litigation involving the Marks or other commercial symbols.

On October 22, 1986, the United States District Court for the Southern District of Georgia, Augusta Division, issued a final judgment and decree in a trademark infringement, unfair competition, and deceptive trade practices civil action brought against WSI by Sizzler Restaurants International, Inc., ("Sizzler"). WSI was sued by Sizzler in August 1980 (Civil Action No. CV 180-125) in the Augusta federal court. The case was tried before a federal judge in August 1983. The trial judge issued a series of orders during the course of the litigation and on October 22, 1986, issued a comprehensive final judgment and decree. WSI was required to pay a portion of Sizzler's attorneys' fees and, except as set out below, the trial judge denied all of the claims and counterclaims of each of the parties. Sizzler was not awarded any damages.

1. WSI had been using "Sizzlin" as a trademark and service mark (Registration No. 1,049,143) for restaurant services (pole signs, exterior wall signs) and with one of its cooked steak dishes (menu identification). The judgment and decree permitted WSI to use "Sizzlin" and "Jr. Sizzlin" with its cooked steak dishes on its in-house menu boards, but prohibited the use of "Sizzlin" and "Jr. Sizzlin" to identify the origin of restaurant services, on exterior wall or "pole" signs, or for any advertising purposes outside of the "WesterN SizzliN" restaurant building. WSI had to cancel the Mark "Sizzlin" for restaurant services.

2. WSI was not required to modify any existing pole or free standing signs containing the word "Sizzlin." On pole signs erected after June 12, 1984, the words "Western" and "Sizzlin" must appear with equal prominence as defined by specific instructions set out in the Court's June 1984 Order.

3. The "Western Sizzlin Steak House, plus the design" Mark used on pole signs (Reg. No. 1,126,269) in some cases depicts the word "Sizzlin" in larger letters than the word "Western" and "Steak House." On pole signs erected after June 12, 1984, the words "Western" and "Sizzlin" must appear with equal prominence and the word "Western" must never be less than 90% of the size of the word "Sizzlin".

4. WSC must modify existing "Sizzlin" exterior wall signs by either removing "Sizzlin" or adding the word "Western" so that both words appear with equal prominence and both words are lighted with equal intensity as defined in detail in a June 1984 Court Order, and exterior wall signs installed after June 12, 1984, must display "Western" and "Sizzlin" with equal prominence.

5. WSC must feature the word "Western" with equal size and prominence any time the word "Sizzlin" is used in advertising, and the word "Sizzlin" may not be used in off Premises advertising without being modified by the word "Western."

Except for the above, there are no infringing uses actually known to us that could materially affect your use of these Marks, trade names, logotypes or other commercial symbols in this state or any other state in which the Restaurant is to be located.

If you are an Area Developer, you do not have any right to any of the Marks except the nonexclusive ability to use the Marks according to the terms of the Franchise Agreement. (Area Development Agreement, Paragraph I.D.)

Your usage of the Marks and any goodwill established from their use will benefit WSC and us.

You do not receive any interest in the Marks. You may not at any time contest the validity or ownership of the Marks, including any Marks we authorize to you after you sign the Franchise Agreement. (Paragraph V.A.)

You must notify us immediately when you learn about an infringement of or challenge to your use of the Marks. We and WSC will take whatever action they think appropriate. We do not have to defend you in a claim against your use of the Marks. (Paragraph V.C.)

You must modify or discontinue using any Mark upon direction to do so from us or WSC within a reasonable time after receiving notice from us or WSC. (Paragraph V.D.)

The Restaurant must be named in accordance with the franchise purchased without alteration as we require. You must use and display the Marks, signs, advertising and slogans as we require. Upon termination or expiration of the Franchise Agreement, we may sign any documents in your name to cancel your use of the Marks. If you are a corporation, limited liability company or general limited partnership, you shall not use the Marks or our trade name or any words or symbols which are confusingly similar thereto as all or part of our name. You must not use any Mark or part of any Mark as part of any corporate or trade name, in any modified form with the sale of any unauthorized product or service or in any other manner not authorized in writing by us or WSC. You may not display the trademark, service mark, trade name, insignia or logotype of any other person, firm or corporation in connection with the operation of the Restaurant without our or WSC's prior written consent, which may be withheld in its sole subjective discretion. You must give notices of trademark and service mark registration as we or WSC specifies and obtain fictitious or assumed name registrations as required under applicable law. (Paragraph V.B.)

We and/or WSC and/or our and WSC's agents will have the right to enter and inspect your Restaurant to ensure that you are complying with our standards. (Paragraph V.E.)

You may not establish a Web site on the Internet using any domain name containing the words from any of WSC's concepts or any variation. We retain the sole right to advertise on the Internet and create a Web site using any of the domain names. You acknowledge that WSC is the owner of all right, title and interest in and to the domain names as designated in the applicable Manual. (Paragraph V.F.)

You must refrain from any merchandising, advertising or promotional practice which is unethical or may be injurious to the business of our and/or other Restaurants or to the goodwill associated with the Marks. (Paragraph XII.M.)

Upon expiration or termination of the Franchise Agreement, we may sign in your name and on your behalf the documents necessary in our judgment to end and cause the discontinuance of your use of the Marks and we are hereby irrevocably approved and designated as your attorney in fact so to do.

ITEM 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

WSC applied for copyright protection of the Manual with the United States Copyright Office on December 11, 1997. Otherwise, no patents (or pending patent applications) or copyrights are material to the franchise. If it becomes advisable at any time in WSC's or our sole discretion to acquire a patent or copyright, you must use the patent or copyright as WSC or we require.

You will receive our proprietary, confidential and trade secret information. You must maintain the confidentiality of this information unless we otherwise authorize in writing. (Paragraph VII.A.; Area Development Agreement, Paragraph VI.B.)

You may divulge confidential information only to employees who must know it to operate the Restaurant. All information, knowledge and know-how which we designate as confidential will be deemed confidential for purposes of the Franchise Agreement, except information which you can demonstrate lawfully came to your attention before our disclosure of it; or which, at the time of our disclosure to you, had lawfully become a part of the public domain, through publication or communication by others; or which, after our disclosure to you, lawfully becomes a part of the public domain, through publication or communication by others. (Paragraph VII.B.; Area Development Agreement, Paragraph VI.C.)

All employees having access to confidential information must sign non-disclosure agreements acceptable to us. We will be entitled to equitable remedies, including injunctive relief without notice and bond, in order to protect its confidential information, Manual and Marks. (Paragraph VII.C.; Area Development Agreement, Paragraph VI.D.)

You are granted access to certain confidential information and trade secrets pertaining to the System only under an individual Franchise Agreement signed between you and us, and the paragraphs above are not intended, and may not be interpreted, to grant or entitle you to receive confidential information or trade secrets.

You and we acknowledge that: (Paragraph VII.D.)

1. We may authorize you to use certain copyrighted or copyrightable works ("Copyrighted Works");

2. The Copyrighted Works are the valuable property of us and any Related Entities; and

3. Your rights to use the Copyrighted Works are granted solely on the condition that you comply with the terms of Paragraph VII. of the Franchise Agreement.

WSC owns or is the licensee of the owner of the Copyrighted Works and will create, acquire or obtain licenses for certain copyrights in various works of authorship used with the operation of the Restaurant including all categories of works eligible for protection under the United States copyright law, all of which will be deemed to be Copyrighted Works under the Franchise Agreement. These Copyrighted Works include the Manual, advertisements, promotional materials, posters and signs, and may include all or part of the Marks, Software, trade dress and other portions of the System. WSC intends that all works of authorship concerning the System which are created in the future will be owned by it or its affiliates. (Paragraph VII.E.)

If you develop any new program, project, work of art or other material in the course of operating the Restaurant and we approve its use and sale in the Restaurant, this new program, project, work of art or other material will automatically become our property as though we had developed the program, project, work of art or other material itself ("Work for Hire"). (Paragraph VII.F.)

You may use the confidential information in the applicable Manual, as described in Item 11 of this Disclosure Document. WSC has filed an application for copyright registration for the Manual. WSC claims copyrights to the Manual which is WSC's confidential information. You must promptly notify WSC or us when you learn of an unauthorized use of the confidential information or Manual. WSC or we do not have to take any action against any unauthorized user of the confidential information or Manual, but will respond to this information as WSC or we think appropriate. WSC or we do not have to indemnify you for losses brought by a third party concerning your use of this information.

The Manuals belong to us and you must return the applicable Manual to us upon the expiration or termination of the Franchise Agreement. You may not make any disclosure, duplication or other unauthorized use of any portion of the Manual. (Paragraph VI.B.)

You must keep the Manual updated and at the Restaurant. You must keep the Manual in a locked receptacle at the Restaurant. If there is a dispute with the contents of the Manual, the terms of our master copy will control. (Paragraph VI.C.)

You must not use, in advertising or any other form of promotion, WSC's copyrighted materials, trademarks, service marks or commercial symbols without the appropriate notices which may be required by law or WSC, including © or other copyright registration notice. (Paragraph IX.M.)

The Area Development Agreement does not grant to you any right to any copyright or patent which WSC or we now own or may own. Rights to the Marks, trade secrets (and/or confidential information), copyrights or patents are granted only under the Franchise Agreements that you and WSC sign. (Area Development Agreement, Paragraph VI.A.)

ITEM 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE

During the term of the Franchise Agreement, you or a manager acceptable to us must devote your full time and best efforts exclusively to the operation of the Restaurant. The

Restaurant must be operated during our established minimum hours and days. If you are a corporation, limited liability company or a general or limited partnership, you select a full time manager acceptable to us in our sole discretion to devote his or her full time and best efforts to the Restaurant. (Paragraph XII.O.) Your manager must complete our training program to our satisfaction. (See Items 14 and 17 for information concerning your manager and covenants of confidentiality and covenants not to compete.) Your manager need not have an equity interest in you. While we encourage your direct management of the Restaurant, you are not restricted in hiring managers who meet our requirements.

You, any shareholder who owns 51% or more of the stock in the franchisee entity (if you are a corporation), any member who owns a 51% or more membership interest in the franchise entity (if you are a limited liability company), any general partner (if you are a partnership) or your manager, must devote full-time energy and best efforts to the management and operation of the Restaurant. (Paragraph XV.B.) You, all partners (if you are a partnership), all shareholders, officers and directors (if you are a corporation), and any managing members (if you are a limited liability company) that signed the Franchise Agreement must sign personally a guaranty and assumption of the obligations of the terms of the Franchise Agreement. (Paragraph XXXII.; Area Development Agreement, Exhibit C)

You are not our agent, legal representative, joint venturer, partner, employee or servant. You are an independent contractor and are in no way authorized to make any contract, agreement, warranty or representation or to create any obligation for us. (Paragraph XXII.A.; Area Development Agreement, Paragraph XI.A.)

ITEM 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must sell at the Restaurant all types of Menu Items and other categories of food and beverage products that we authorize, and you may not sell any other category of products or use the Premises for any purpose other than the operation of a Restaurant. (Paragraph XII.E.)

You must engage only in the retail sale of Menu Items and you may not engage in the wholesale sale and/or distribution of any product offered for sale through the Restaurant, except if authorized in writing by us. "Wholesale Sale and/or Distribution" means any sale and/or distribution of product to a third party for resale, retail sale or further distribution by the third party. (Paragraph I.B.)

We may authorize you to test market products and/or services in connection with the operation of the Restaurant. You agree to cooperate with us in connection with the conduct of any test marketing programs and agree to comply with our established rules and regulations. (Paragraph XII.J.)

You acknowledge that the Restaurant must at all times maintain an inventory of ingredients, food and beverage products and other products, materials and supplies that permit operation of the Restaurant at maximum capacity. (Paragraph XII.K.)

In the operation of the Restaurant, you must use only displays, trays, napkins, boxes, bags, labels, forms and other paper and plastic products imprinted with the Marks and colors we require, and you must purchase these items only from third parties licensed by us to duplicate the Mark on these items. (Paragraph XII.N.)

You may not install or maintain on the Premises, any newspaper racks, video games, juke boxes, gaming machines, gum machines, games, rides, vending machines or other similar devices without our written approval. (Paragraph XII.P.)

All Proprietary Products, Menu Items and other food and beverage products will be prepared only by properly trained personnel strictly in accordance with our recipes, cooking techniques and processes as required in the Manual. All items offered from the Restaurant will be sold only at retail to customers. (Paragraph XII.F.)

You may not offer, sell or negotiate the sale of the Restaurant to any third party, either in your own name or in our name, or otherwise subfranchise or divide the Area Development Agreement. (Area Development Agreement, Paragraph I.E.)

We have the right to change the types of Proprietary Products, Menu Items, and other products it requires or authorizes you to sell at the Restaurant, and there are no limits on our right to make these changes.

ITEM 17

RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

These tables list certain important provisions of the franchise and related agreements. You should read these provisions in the agreements attached to this Disclosure Document.

FRANCHISE AGREEMENT

Provision	Paragraph in Franchise Agreement (1)	Summary
a. Length of the franchise term	Paragraph II.A., Exhibit B	The term is 20 years from the date the franchise is opened for business, but the Franchise Agreement is effective and binding from the day it is signed. If the Restaurant was transferred to you, your term is from the date of transfer until the expiration of the original Franchise Agreement term.
b. Renewal or extension of the	Paragraph II.B.	You may renew for 1 additional term of 10 years.

Provision	Paragraph in Franchise Agreement (1)	Summary
term		
c. Requirements for franchisee to renew or extend	Paragraphs II.B., C.	You may "renew" the Franchise Agreement if you have complied with all of the Franchise Agreement provisions, the Manual and all other agreements with us; you have not committed 2 or more events constituting default during any 24-month period; and you maintain possession of the Premises and have brought the Restaurant into compliance with our current standards; you have given notice of renewal to us; and you have signed a new agreement. You must give us notice of your intent to renew between 8 and 12 months before the Franchise Agreement expires. We will give you our current franchise documents within 30 days of your renewal request. We will approve the renewal if you have complied with the renewal conditions. If you fail to perform or deliver notice as required for renewal, your right to renew will automatically lapse. If applicable law requires that we give you notice before the expiration of the franchise term, the Franchise Agreement will remain effective on a month-to-month basis until we have legally given you notice. If we cannot legally offer you our then-current Franchise Agreement at the time of renewal, it may allow you to renew based on the initial Franchise Agreement signed or extend the term on a month-to-month basis. Terms of our new franchise agreement that you sign for renewal of the franchise may differ materially from any and all of those contained in the Franchise Agreement attached to this disclosure document, including a reduction of your protected area, if applicable.
d. Termination by franchisee	Paragraph XVI.D.	You may elect to terminate the Franchise Agreement with cause.
e. Termination by	Not Applicable	The Franchise Agreement does not contain a

Provision	Paragraph in Franchise Agreement (1)	Summary
franchisor without cause		provision allowing us to terminate the Franchise Agreement without cause.
f. Termination by franchisor with cause	Paragraphs XVI.A., B.	We may terminate the Franchise Agreement if you default under the terms of the Franchise Agreement or any related agreement.
g. "Cause" defined-curable defaults	Paragraph XVI.A.	The following events constitute curable defaults: you fail to make payments due to us, A.D.R.F., or a recognized Franchisee Association and do not cure within 15 business days or you fail to comply with mandatory specifications in the Franchise Agreement and do not cure within 15 days. We will provide notice of curable defaults.
h. "Cause" defined-non-curable defaults	Paragraphs III.I., XVI.B.	The following events constitute non-curable defaults: abandonment; bankruptcy; and insolvency; knowing under-reporting; repeated defaults; misrepresentation in application; violation of law; fail to timely locate an acceptable site for the Restaurant; fail to complete training; are convicted of or plead no contest to a felony or otherwise engage in conduct that can adversely affect the reputation of you or the Restaurant; misuse the Manual or Marks; submit reports and payments late; make an unauthorized transfer of the Restaurant, default under other agreements, all as defined in the Franchise Agreement.
i. Franchisee's obligations on termination/non-renewal	Paragraphs XVI.E., XVII.	If you terminate, within 10 days, you must stop using the Marks, methods of operation, Trade Secrets, confidential business information, Advertising Materials and objects bearing the Marks. Your obligations include: stop operating the Restaurant; assign the lease upon our demand; cancel or assign any assumed name rights; pay all sums owed to us; pay all damages, costs and expenses owed; stop using the Marks and items bearing the Marks; de-identify the Premises from any confusingly similar decoration, design or other imitation of a WS Restaurant or a WG Restaurant; stop

Provision	Paragraph in Franchise Agreement (1)	Summary
		advertising as a Restaurant; return all Manuals and other confidential information and property to us; give us access to retrieve signs; sell to us, at our option, all assets of the Restaurant; assign your telephone numbers and electronic addresses to us; and comply with the covenants not to compete. Termination or expiration will not prejudice any rights of us or our Related Entities.
j. Assignment of contract by franchisor	Paragraph XVIII.	There is no restriction on our right to transfer, except that the transferee must be able to fulfill our obligations.
k. "Transfer" by franchisee – defined	Paragraphs XVIII.B., E.	You may transfer the Franchise Agreement and all rights under the Franchise Agreement subject to certain restrictions. You cannot give any third party a security interest in the Franchise Agreement or the Marks without our written consent. Any transfer of more than 50% of your ownership will be considered a transfer of the franchise.
l. Franchisor approval of transfer by franchisee	Paragraph XVIII.B.	We have the right to approve all of your transfers, but will not unreasonably withhold approval.
m. Conditions for franchisor approval of transfer	Paragraphs XVIII.C., XX.	For a transfer to a third party, the transferee must meet our qualifications, assume your obligations, receive the consent of your landlord to the transfer of the lease, provide us with a letter from an independent certified public accountant stating that the accountant has reviewed the terms of the proposed transfer, successfully complete the training program and sign the current Franchise Agreement. You will pay all sums owed to us and sign a general release. A transfer fee must be paid; see Item 6 for more information. You will be bound by our covenants not to compete after the transfer.
n. Franchisor's right of first refusal to acquire franchisee's	Paragraphs XVIII.C., XX.	We have the right of first refusal to purchase a Restaurant or its assets for which you have received an offer to purchase. We have 30 days from notice of the offer to purchase the

Provision	Paragraph in Franchise Agreement (1)	Summary
business		Restaurant or its assets at the same terms as those contained in the offer. If, however, we elect not to exercise its right of first refusal and the terms are materially changed, or if more than 90 days passes without the assignment occurring, the changed terms or lapse of time will be deemed a new proposal and we will again have the right of first refusal with respect thereto.
o. Franchisor's option to purchase franchisee's business	Paragraphs XVIII.C., XX.	We have the right to purchase your business for 30 days from the date of delivery of the written offer. We may purchase your Restaurant assets at fair market value upon expiration or termination of the Franchise Agreement.
p. Death or disability of franchisee	Paragraphs XIX.A., B.	In case of your death or disability, the transfer of your interest to a personal representative or conservator for estate administration purposes will not need our consent. Our consent is necessary for a transfer to your heirs, devisees and beneficiaries and an application must be made within 60 days of your death or incapacity; however, we will not have a right of first refusal.
q. Non-competition covenants during the term of the franchise	Paragraphs XV.I., XV.L.	You must not own or otherwise have any interest in any business specializing in the sale of steak and/or a business that features a food bar the same as or similar to any product or service provided through the System within 25 miles of the Location or any WS Restaurant or WG Restaurant unless we consent in writing.
r. Non-competition covenants after the franchise is terminated or expires	Paragraphs XV.L., XV.K.	The above non-compete covenants continue for 1 year after the expiration or termination of the Franchise Agreement and you may not sell, lease or sublease the Restaurant or Location to any business that features the sale of steak or features a food bar.
s. Modification of the agreement	Paragraph VIII.	The Franchise Agreement can be modified only by written agreement between us and you. We can modify or change the System

Provision	Paragraph in Franchise Agreement (1)	Summary
		through changes in the Manual.
t. Integration/merger clause	Paragraph XXVII.	Only the terms of the Franchise Agreement are binding (subject to state law). Any representations or promises made outside the Disclosure Document and Franchise Agreement may not be enforceable. Nothing in the Franchise Agreement is intended to disclaim any representations made in the Disclosure Document
u. Dispute resolution by arbitration or mediation	Paragraph XXX.	All disputes must be arbitrated in Roanoke City, Virginia.
v. Choice of forum	Paragraph XXIX.B.	Any action will be brought in the appropriate state or federal court in Roanoke City, Virginia (subject to your state law).
w. Choice of law	Paragraph XXIX.	Virginia law applies (subject to state law).
x. Force Majeure	Paragraph XXXI.	Extends periods of time for performance by you or us.

AREA DEVELOPMENT AGREEMENT

Provision	Paragraph In Area Development Agreement (1)	Summary
a. Length of the development term	Paragraph IV.A.	The rights granted under the Area Development Agreement expire on the date of Company's acceptance and signing of a Franchise Agreement for the last Restaurant to be developed.
b. Renewal or extension of the term	Paragraph IV.B.	The Area Development Agreement does not provide for renewal or extension of the term.
c. Requirements for franchisee to renew or extend	Paragraphs IV.C., D., E.	Within 60 days before the expiration of the term, if we determine that additional development is desirable, we will notify you in writing that you have a right of additional development. If you exercise this right, you must execute the then-current area development agreement, which may vary substantially from the Area Development

Provision	Paragraph In Area Development Agreement (1)	Summary
		Agreement. In order to exercise your right of additional development, you must: have fully performed all of your obligations under the Area Development Agreement and all other agreements between us and you; demonstrated to us the financial capacity to perform the additional development obligations; continue to own and operate, in the Designated Territory, the aggregate number of Restaurants required in your Area Development Agreement at the expiration of the term.
d. Termination by franchisee	Not Applicable	The Area Development Agreement does not contain a provision allowing you to terminate the Area Development Agreement for any reason.
e. Termination by franchisor without cause	Not Applicable	The Area Development Agreement does not provide for its termination without cause.
f. Termination by franchisor with cause	Paragraph VII.B.	If you are in default of the Area Development Agreement, we will have cause to terminate the Area Development Agreement.
g. "Cause" defined-curable defaults	Not Applicable	The Area Development Agreement does not provide for defaults which can be cured.
h. "Cause" defined-non-curable defaults	Paragraphs VII.B., C.	The Area Development Agreement will terminate automatically if you are adjudicated bankrupt; a final judgment remains unsatisfied for 30 days or longer; execution is levied against you or your property; suit to foreclose any lien or mortgage is instituted and not dismissed or you have failed to exercise options and enter into Franchise Agreements with us set out on your Development Schedule, failed to comply with any other term and condition of the Area Development Agreement, make or attempt to make an unapproved transfer of the Area Development Agreement, or if you fail to comply with the terms and conditions of any Franchise Agreement or other agreement between you and us.
i. Franchisee's	Paragraphs VII.C., D.	You will lose your options to establish an

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Provision	Paragraph In Area Development Agreement [1]	Summary
obligations on termination/ non-renewal		individual Restaurant for which a Franchise Agreement has not been signed. We may also reduce the number of options or reduce or terminate your territorial exclusivity or exercise other rights or remedies we may have.
j. Assignment of contract by franchisor	Paragraph VIII.A.	There is no restriction on our right to transfer the Area Development Agreement except that at the time of transfer the assignee shall be financially responsible and economically capable of performing our obligations and agree to perform those obligations.
k. "Transfer" by franchisee – defined	Paragraphs I.E., VIII.B., C.	Transfer is not permitted except in situations of death or legal incapacity with our prior written consent.
l. Franchisor approval of transfer by franchisee	Paragraphs VIII.B., C.	We must approve all of your transfers as allowed, but will not unreasonably withhold approval. We must review and approve your marketing materials if you make a public offering.
m. Conditions for franchisor approval of transfer	Paragraph VIII.C.	For a transfer to a third party, the transferee must meet our qualifications; and if a Developer of ours is the transferee, be in compliance with its current agreement and sign the current Area Development Agreement. You will have complied with all agreement requirements, pay all sums owed to us or any Affiliates and sign a general release. A transfer fee must be paid. You must not sign any individual Franchise Agreement or establish any restaurant with the plan to transfer the Franchise Agreement or Restaurant.
n. Franchisor's right of first refusal to acquire franchisee's business	Paragraphs VII.C., D.	We have the right of first refusal to purchase your ownership interest or assets which are for sale and for which you have received a good faith offer to purchase.
o. Franchisor's option to purchase franchisee's business	Paragraphs VIII.C., D.	We have 30 days from notice of assignment (upon death or incapacity of Developer) to purchase your ownership interest or its assets at the same terms as contained in the offer.

Provision	Paragraph In Area Development Agreement [1]	Summary
p. Death or disability of franchisee	Paragraph VIII.C.	The death or legal incapacity of an owner of 20% or more triggers the transfer provisions of the Area Development Agreement.
q. Non-competition covenants during the term of the franchise	Paragraphs IX.D., XXII.D.	You must not own or otherwise have any interest in any business (including a business you currently operate) specializing in the sale of steak or other food products the same as or similar to any product or service provided through the System. You will also be bound by and comply with the covenants in each Franchise Agreement you sign with us. The covenants apply even if you have transferred your interest in the Area Development Agreement.
r. Non-competition covenants after the franchise is terminated or expires	Paragraph IX.E.	You must not own or operate a business which specializes in steak and food products the same as or similar to any other product or service provided through the System for 1 year after the Area Development Agreement is terminated or expires.
s. Modification of the agreement	Paragraph IX.F.	The Area Development Agreement can be modified by law or by our reduction of the covenants not to compete scope.
t. Integration/merger clause	Paragraphs XV., XVI.	Only the terms of the Area Development Agreement are binding (subject to state law). Any representations or promises made outside the Disclosure Document and Area Development Agreement may not be enforceable. Nothing in the Area Development Agreement is intended to disclaim any representations made in the Disclosure Document.
u. Dispute resolution by arbitration or mediation	Paragraph XVIII.	All disputes will be settled by arbitration in Roanoke City, Virginia.
v. Choice of forum	Paragraph XVII.B.	Appropriate court with jurisdiction over Roanoke City, Virginia (subject to your state law).
w. Choice of law	Paragraph XVII.	Virginia law applies (subject to your state law).
x. Force Majeure	Paragraphs III.C., XXI.	Extends periods of time for performance by you or us.

[1] The tables above represent provisions of both the WS Franchise Agreement and the WG Franchise Agreement and both the WS Area Development Agreement and the WG Area Development Agreement.

ITEM 18

PUBLIC FIGURES

We do not use any public figures to promote our franchise.

ITEM 19

FINANCIAL PERFORMANCE REPRESENTATIONS

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

We provide information regarding the historic financial performance of the franchised WS Restaurants and WG Restaurants.

We compiled this information from the internal, unaudited financial information received from our franchisees for fiscal year ending December 31, 2018, including royalty payments made to us from our franchisees. These financials were not prepared in accordance with generally accepted accounting principles. The WS Restaurants and the WG Restaurants included in this Item 19, as a whole, generally reflect the mix of characteristics that we expect for new franchised restaurants. All of the WS Restaurants and WG Restaurants included in this Item 19 offer a substantially similar menu as your Restaurant will offer.

WS Restaurants (Western Sizzlin/Western Sizzlin Express)

The following financial performance representation reflects the Gross Sales of all 52 franchised WS Restaurants in the system, all of which were open for the full twelve months ending December 31, 2018 (including the 2 Western Sizzlin Express operating in Texas). The WS Restaurants as a whole generally reflect the mix of characteristics that we expect for new franchised WS Restaurants. For example:

- The WS Restaurants occupy, on average, 8,000 square feet of space.
- The Western Sizzlin Express concept occupies approximately 3,000 square feet of space.

- 51 of the franchised WS Restaurants are in stand-alone buildings and 1 (the Western Sizzlin Express in Texas) operates in a travel center. None are in strip mall locations or other locations such as downtown streets or mixed use facilities.

- 8 of the WS Restaurants are in urban areas, 41 are in suburban areas and 3 are in rural areas.

The table below lists the ranges of Gross Sales for the 52 franchised WS Restaurant's during our fiscal year ending December 31, 2018. This information is based on sales information reported to us by our WS Restaurant franchisees.

Gross Sales(1) Range	**Number of WS Restaurants**	**Percentage of WS Restaurants**
$2,500,000 and over	15	29%
$2,000,000 to $2,500,000	6	12%
$1,500,000 to $2,000,000	11	21%
$1,000,000 to $1,500,000	15	29%
Under $1,000,000	5	9%
Total	52	100%

* As mentioned above, the total number of franchised WS Restaurants included in this financial performance representation includes the 2 Western Sizzlin Express outlets currently in operation.

WG Restaurants (Woodgrill)

The following financial performance representation reflects the Gross Sales of all 4 franchised WG Restaurants in the system, all of which were open for the full twelve months ending December 31, 2018. The WG Restaurants as a whole generally reflect the mix of characteristics that we expect for new franchised WG Restaurants. For example:

- The WG Restaurants occupy, on average, 11,000 square feet of space.

- 3 of the WG Restaurants are in stand-alone buildings and 1 is in a strip mall location. None of the WG Restaurants are in any other locations such as downtown streets or mixed use facilities.

- 2 of the WG Restaurants are in urban areas, 2 are in suburban areas and 0 are in rural areas.

The table below lists the ranges of Gross Sales for the 4 franchised WG Restaurant's during our fiscal year ending December 31, 2018. This information is based on sales information reported to us by our WG Restaurant franchisees.

Gross Sales[1] Range	Number of WG Restaurants	Percentage of WG Restaurants
$5,000,000 and over	2	50%
$4,000,000 to $5,000,000	1	25%
$3,000,000 to $4,000,000	1	25%
Total	4	100%

NOTES:

1. "Gross Sales" is defined in Item 6 of this Disclosure Document. As we state in Item 6, Gross Sales does not include the amount of all sales tax receipts or similar tax receipts which, by law, are chargeable to customers, if those taxes are separately stated when the customer is charged, and the amount of any actual refunds, rebates, over-rings, and allowances given to customers in good faith.

2. These figures do not reflect the costs of sales, operating expenses or other costs or expenses that must be deducted from the gross revenue or gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your WS Restaurant or WG Restaurant. Franchisees or former franchisees, listed in this Disclosure Document, may be one source of this information.

3. The figures have not been audited nor have we sought to independently verify their accuracy. Prospective franchisees and sellers of franchises should be advised that no certified public accountant has audited these figures or expressed his or her opinion concerning their contents or form. For a number of reasons, these results should not be considered as the actual or probable results that your Restaurant will realize. Written substantiation for the financial performance representation will be made available to you upon reasonable request.

4. Some of the WS Restaurants and WG Restaurants have operated for many years and the "Western Sizzlin'" and "Wood Grill Buffet" brands are well established in the markets in which they operate. If you open your Restaurant in a new market, the Restaurant may not benefit from an established trade identity in the market or from marketing activities that other restaurants have historically conducted and will continue to conduct in the market. This might result in lower Gross Sales and higher advertising costs than restaurants opening in established markets could expect.

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

Other than the preceding financial performance representation, 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 its 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 our management by contacting Thomas Murray as follows: Thomas Murray, 17802 IH 10 W, Suite 400, San Antonio, TX 78257, 210-344-3400, tom.murray@steaknshake.com, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20

OUTLETS AND FRANCHISEE INFORMATION

All figures in the tabular charts below are as of December 31, 2016, December 31, 2017 and December 31, 2018.

Table No. 1
Systemwide Outlet Summary – WS Restaurants
For years 2016 to 2018

Column 1 **Outlet Type**	**Column 2** **Year**	**Column 3** **Outlets at the Start of the Year**	**Column 4** **Outlets at the End of the Year**	**Column 5** **Net Change**
Franchised	2016	61	59	-2
	2017	59	53	-6
	2018	53	52	-1
Company-Owned	2016	1	1	0
	2017	1	1	0
	2018	1	1	0
Total Outlets	**2016**	**62**	**60**	**-2**
	2017	**60**	**54**	**-6**
	2018	**54**	**53**	**-1**

Table No. 1
Systemwide Outlet Summary – WG Restaurants
For years 2016 to 2018

The company-owned outlets include the Great American Buffet restaurants operated by our related entities.

Column 1 **Outlet Type**	**Column 2** **Year**	**Column 3** **Outlets at the Start of the Year**	**Column 4** **Outlets at the End of the Year**	**Column 5** **Net Change**
Franchised	2016	5	5	0
	2017	5	5	0
	2018	5	5	0
Company-Owned	2016	3	3	0
	2017	3	3	0
	2018	3	3	0
Total Outlets	**2016**	**8**	**8**	**0**
	2017	**8**	**8**	**0**
	2018	**8**	7	**-1**

Table No. 2
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor) – WS Restaurants
For years 2016 to 2018

Column 1 **State**	**Column 2** **Year**	**Column 3** **Number of Transfers**
Alabama	2016	1
	2017	1
	2018	0
Arkansas	2016	1
	2017	1
	2018	0
Totals	**2016**	**2**
	2017	**2**
	2018	**0**

Table No. 2
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor) –
WG Restaurants
For years 2016 to 2018

Column 1 **State**	**Column 2** **Year**	**Column 3** **Number of Transfers**
All States	2016	0
	2017	0
	2018	0
Totals	**2016**	**0**
	2017	**0**
	2018	**0**

Table No. 3
Status of Franchised Outlets – WS Restaurants
For years 2016 to 2018

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of Year	Col. 4 Outlets Opened During Year	Col. 5 Terminations	Col. 6 Non-Renewals	Col. 7 Reacquired by Franchisor	Col. 8 Ceased Operations-Other Reasons	Col. 9 Outlets at End of the Year
Alabama	2016	6	0	0	0	0	0	6
	2017	6	0	0	0	0	0	6
	2018	6	0	0	0	0	0	6
Arkansas	2016	16	0	0	0	0	0	16
	2017	16	0	0	0	0	1	15
	2018	15	1	0	0	0	0	16
Georgia	2016	7	0	0	0	0	0	7
	2017	7	0	0	0	0	2	5
	2018	5	0	0	0	0	0	5
Louisiana	2016	1	0	0	0	0	0	1
	2017	1	0	0	0	0	1	0
	2018	0	0	0	0	0	0	0
Maryland	2016	2	0	0	0	0	1	1
	2017	1	0	0	0	0	0	1
	2018	1	0	0	0	0	0	1
Mississippi	2016	2	0	0	0	0	0	2
	2017	2	0	0	0	0	1	1
	2018	1	0	0	0	0	0	1
Missouri	2016	1	0	0	0	0	1	0
	2017	0	0	0	0	0	0	0
	2018	0	0	0	0	0	0	0
North Carolina	2016	8	0	0	0	0	1	7
	2017	7	0	0	0	0	0	7
	2018	7	0	0	0	0	1	6

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of Year	Col. 4 Outlets Opened During Year	Col. 5 Terminations	Col. 6 Non-Renewals	Col. 7 Reacquired by Franchisor	Col. 8 Ceased Operations-Other Reasons	Col. 9 Outlets at End of the Year
Ohio	2016	1	0	0	0	0	0	1
	2017	1	0	0	0	0	0	1
	2018	1	0	0	0	0	0	1
Oklahoma	2016	9	0	0	0	0	0	9
	2017	9	0	0	0	0	1	8
	2018	8	0	0	0	0	0	8
South Carolina	2016	3	0	0	0	0	0	3
	2017	3	0	0	0	0	0	3
	2018	3	0	0	0	0	0	3
Tennessee	2016	3	0	0	0	0	0	3
	2017	3	0	0	0	0	0	3
	2018	3	0	0	0	0	0	3
Texas(1)	2016	0	1	0	0	0	0	1
	2017	1	0	0	0	0	0	1
	2018	1	0	0	0	0	0	1
Virginia	2016	2	0	0	0	0	0	2
	2017	2	0	0	0	0	0	2
	2018	2	0	0	0	0	1	1
Totals	**2016**	**61**	**1**	**0**	**0**	**0**	**3**	**59**
	2017	**59**	**0**	**0**	**0**	**0**	**6**	**53**
	2018	**53**	**1**	**0**	**0**	**0**	**2**	**52**

Note (1): This includes the 2 Western Sizzlin Express Restaurant outlets.

Table No. 3
Status of Franchised Outlets – WG Restaurants
For years 2016 to 2018

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of Year	Col. 4 Outlets Opened During Year	Col. 5 Terminations	Col. 6 Non-Renewals	Col. 7 Reacquired by Franchisor	Col. 8 Ceased Operations-Other Reasons	Col. 9 Outlets at End of the Year
California	2016	2	0	0	0	0	0	2
	2017	2	0	0	0	0	0	2
	2018	2	0	0	0	0	1	1
Tennessee	2016	1	0	0	0	0	0	1
	2017	1	0	0	0	0	0	1
	2018	1	0	0	0	0	0	1
Virginia	2016	2	0	0	0	0	0	2
	2017	2	0	0	0	0	0	2
	2018	2	0	0	0	0	0	2
Totals	**2016**	**5**	**0**	**0**	**0**	**0**	**0**	**5**
	2017	**5**	**0**	**0**	**0**	**0**	**0**	**5**
	2018	**5**	**0**	**0**	**0**	**0**	**1**	**4**

Table No. 4
Status of Company-Owned Outlets – WS Restaurants
For years 2016 to 2018

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of the Year	Col. 4 Outlets Opened	Col. 5 Outlets Reacquired From Franchisee	Col. 6 Outlets Closed	Col. 7 Outlets Sold to Franchisee	Col. 8 Outlets at End of the Year
West Virginia	2016	1	0	0	0	0	1
	2017	1	0	0	0	0	1
	2018	1	0	0	0	0	1
Totals	**2016**	**1**	**0**	**0**	**0**	**0**	**1**
	2017	**1**	**0**	**0**	**0**	**0**	**1**
	2018	**1**	**0**	**0**	**0**	**0**	**1**

Table No. 4
Status of Company-Owned Outlets – WG Restaurants
For years 2016 to 2018

The company-owned outlets include the Great American Buffet restaurants operated by our related entities.

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of the Year	Col. 4 Outlets Opened	Col. 5 Outlets Reacquired From Franchisee	Col. 6 Outlets Closed	Col. 7 Outlets Sold to Franchisee	Col. 8 Outlets at End of the Year
Virginia	2016	3	0	0	0	0	3
	2017	3	0	0	0	0	3
	2018	3	0	0	0	0	3
Totals	**2016**	**3**	**0**	**0**	**0**	**0**	**3**
	2017	**3**	**0**	**0**	**0**	**0**	**3**
	2018	**3**	**0**	**0**	**0**	**0**	**3**

Table No. 5
Projected Openings as of December 31, 2018 – WS Restaurants

Column 1 State	Column 2 Franchise Agreements Signed But Outlet Not Opened	Column 3 Projected New Franchised Outlet In The Next Fiscal Year	Column 4 Projected New Company-Owned Outlet In the Next Fiscal Year
Texas	3	2	0
Tennessee	1	1	0
Arkansas	0	1	0
Totals	**4**	**4**	**0**

Table No. 5
Projected Openings as of December 31, 2018 – WG Restaurants

Column 1 State	Column 2 Franchise Agreements Signed But Outlet Not Opened	Column 3 Projected New Franchised Outlet In The Next Fiscal Year	Column 4 Projected New Company-Owned Outlet In the Next Fiscal Year
All States	0	0	0
Totals	**0**	**0**	**0**

Exhibit D is a list of all currently operating WS Restaurants and WG Restaurants. Exhibit E lists franchisees who had a franchise terminated, transferred, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under a Franchise Agreement or Area Development Agreement during fiscal year ending December 31, 2018.

There have been no franchisees or area developers who have not communicated with us within 10 weeks of the date of this Disclosure Document.

If you buy a franchise, your contact information may be disclosed to other buyers when you leave the System.

In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with the Western Sizzlin' and Woodgrill Buffet System. You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you. During the last 3 fiscal years, no current or former franchisees have signed confidentiality clauses that restrict them from discussing with you their experiences as a franchisee in our franchise system. There are currently no trademark-specific franchisee organizations associated with the System..

ITEM 21

FINANCIAL STATEMENTS

Attached to this Disclosure Document as Exhibit A are Biglari Holdings Inc.'s audited consolidated balance sheets as of December 31, 2018 and December 31, 2017, and the related consolidated statements of earnings, comprehensive income, statements of cash flows, and statements of changes in shareholders' equity, for the years ended December 31, 2018, 2017, and 2016, and unaudited consolidated financial statements for the quarterly periods ended March 31, 2019.

Biglari Holdings Inc. absolutely and unconditionally guarantees our performance of our obligations under the Franchise agreements, area development agreements, and state registrations. A copy of the Guaranty of Performance is attached as Exhibit J.

ITEM 22

CONTRACTS

The WS Franchise Agreement is attached to this Disclosure Document as Exhibit B. The WG Franchise Agreement is attached to this Disclosure Document as Exhibit B-1. The WS Area Development Agreement is attached to this Disclosure Document as Exhibit C. The WG Area Development Agreement is attached to this Disclosure Document as Exhibit C-1. The Personal Guaranty is attached to this Disclosure Document as Exhibit F. The Statement of Prospective Franchisee is attached to this Disclosure Document as Exhibit G. The Multi-State Addenda and Agreement Riders are attached to this Disclosure Document as Exhibit K. The Form of General Release is attached as Exhibit L.

We provide no other contracts or agreements for your signature.

ITEM 23

RECEIPT

Our and your copies of the Franchise Disclosure Document Receipt are located on the last 2 pages of this Disclosure Document.

BIGLARI HOLDINGS INC.

FINANCIAL STATEMENTS

EXHIBIT A TO THE DISCLOSURE DOCUMENT

WESTERN SIZZLIN FRANCHISE CORPORATION
WESTERN SIZZLIN RESTAURANT

FRANCHISE AGREEMENT

EXHIBIT B TO THE DISCLOSURE DOCUMENT

WESTERN SIZZLIN FRANCHISE CORPORATION

FRANCHISE AGREEMENT

THIS CONTRACT IS SUBJECT TO ARBITRATION

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EXHIBITS

WESTERN SIZZLIN FRANCHISE CORPORATION

FRANCHISE AGREEMENT

This Franchise Agreement ("this Agreement"), made this day __ of ______________________, 201___, by and between **WESTERN SIZZLIN FRANCHISE CORPORATION**, a Delaware corporation, having its principal place of business at 89 Summers Way, Suite 103, Roanoke, Virginia 24019 ("Franchisor"), and ____________ ____________________- ("Franchisee")

WITNESSETH:

WHEREAS, Franchisor, over a period of time and as the result of the expenditure of time, expertise, effort and money, (i) has developed and owns unique Systems ("Systems") identified by the Marks of Western Sizzlin Franchise Corporation and "Western Sizzlin Steak & More" relating to the establishment, development, operation and maintenance of family steak house restaurants featuring steak dishes and related food and beverage items and hot and cold buffet items, all prepared in accordance with specified recipes and/or procedures ("Menu Items"), and offering seating for on-premises consumption; (ii) has developed certain presentation, packaging and marketing standards and techniques for all Proprietary Products ("Proprietary Products"); and (iii) has developed consumer acceptance for all Menu Items ("Menu Items"); and

WHEREAS, the distinguishing characteristics of the System include, without limitation, distinctive exterior and interior layout, design and color scheme; exclusively designed signage, decorations, furnishings and materials; special recipes, formulae, menus and food and beverage designations; Franchisor's Confidential Operations Manual ("Manual"); food and beverage storage, preparation and service procedures and techniques; operating procedures for sanitation and maintenance; and methods and techniques for inventory and cost controls, record keeping and reporting, personnel management, purchasing, sales promotion and advertising, all of which may be changed, improved and further developed by Franchisor from time to time; and

WHEREAS, Franchisor is the owner of the right, title and interest, together with all the goodwill connected thereto, in and to the trade names, service marks and trademarks "Western Sizzlin," associated logos, logotypes, insignias, trade dress, design commercial symbols and such other trade names, service marks and trademarks as are now designated (and may hereinafter be designated by Franchisor in writing) as part of the System ("Mark[s]"); and

WHEREAS, Franchisor shall continue to develop, use and control such Marks for the benefit and use of Franchisor and Franchisor's franchisees in order to identify for the public the source of food products and services marketed thereunder and to represent the System's high standards of quality regarding Menu Items, operations, food products, ingredients, appearance and service; and

WHEREAS, Franchisor grants to qualified persons franchises to own and operate Western Sizzlin Steak & More Restaurants ("Franchised Restaurants") offering food products and services authorized and approved by Franchisor and utilizing the System and Marks; and

WHEREAS, Franchisee desires to operate a Western Sizzlin Steak & More Restaurant using the System and Marks, and has applied for a franchise, which application has been approved by Franchisor in reliance upon all of the representations made therein; and

WHEREAS, Franchisee understands and acknowledges the importance of Franchisor's high and uniform standards of quality, operations and customer service and the necessity of operating a Franchised Restaurant in conformity with Franchisor's standards and specifications; and

WHEREAS, Franchisor expressly disclaims the making of and Franchisee acknowledges that it has not received nor relied upon any warranty or guaranty, express or implied, as to the revenues, profits or success of the business venture contemplated by this Agreement. Franchisee acknowledges that it has read this Agreement and Franchisor's Franchise Disclosure Document and that it has no knowledge of any representations by Franchisor or its officers, directors, shareholders, employees or agents that are contrary to the statements made in Franchisor's Franchise Disclosure Document or to the terms herein.

NOW, THEREFORE, the parties, in consideration of the undertakings and commitments of each party to the other set forth in this Agreement, hereby agree as follows:

I. APPOINTMENT AND FRANCHISE FEE

A. Franchisor hereby grants to Franchisee, upon the terms and conditions herein contained, the right, license and privilege to use the Mark "Western Sizzlin Steak & More" and the other Marks, and Franchisee undertakes the obligation to operate a Franchised Restaurant and to use solely in connection therewith, the System as it is currently established and as it may be changed, improved and further developed from time to time, at one (1) location only, such location to be (1) the premises identified on Exhibit A attached hereto (the "Premises"); or (2) at a location to be designated; provided, however, that when a location has been designated and approved by the parties, said location shall become Paragraph I.A.1., as if originally incorporated therein. Franchisee shall not relocate its Franchised Restaurant without the prior written approval of Franchisor.

B. Franchisor shall not, so long as this Agreement is in full force and effect and Franchisee is not in default under any of the terms hereof, enfranchise any other similar Western Sizzlin Steak & More Restaurant within the geographic area described in Exhibit A attached hereto (the "Territory"). However, Franchisor has the right, in its sole discretion, to grant such other franchises outside of the Territory as Franchisor, in its sole and exclusive discretion, deems appropriate. Nothing contained herein shall prevent Franchisor or another franchisee from advertising within the Territory.

1. Franchisor or any affiliate, subsidiary or parent ("Related Entities") of Franchisor reserve the right to offer and sell at wholesale, retail or through any other distribution system, both within and outside of the Territory, products and services which comprise or may in the future comprise a part of the System including, but not limited to, the Proprietary Products, which products may be resold at retail or through any other

distribution channel including, but not limited to, supermarkets and other retail facilities to the general public by such entities.

2. Franchisor and any Related Entities of Franchisor reserve the right to sell at both wholesale and retail, both within and outside of the Territory, all products and services which do not comprise a part of the System. Franchisor or any Related Entities of Franchisor also reserve the right to establish food service businesses operating under a format and trademarks and service marks distinct from Franchisor's Concept granted in this Franchise Agreement.

3. Franchisee shall engage only in the retail sale of Menu Items and Franchisee agrees not to engage in the wholesale sale and/or distribution of any product offered for sale through the Franchised Restaurant, except if authorized in writing by Franchisor. "Wholesale Sale and/or Distribution" shall mean any sale and/or distribution of product by Franchisee to a third party for resale, retail sale or further distribution by such third party.

C. In consideration of the franchise granted herein, Franchisee shall pay to Franchisor, upon execution of this Agreement, a Franchise Fee of ______________________________ DOLLARS ($________________) ("Franchise Fee"). The Franchise Fee shall be deemed fully earned and non-refundable upon execution of this Agreement as consideration for expenses incurred by Franchisor in furnishing assistance and services to Franchisee for Franchisor's lost or deferred opportunity to franchise others, except as may be otherwise specifically provided in this Agreement and/or any Exhibit attached hereto. The Franchise Fee pays total corporate pre-training, training during operations, and corporate support during the entire process. The Franchise Fee does not include the expense of sending the restaurant staff through the training program, i.e., travel, lodging, meals. This expense shall be incurred by Franchisee.

II. TERM AND RENEWAL

A. This Agreement shall be effective and binding from the date it is executed and for an initial term of twenty (20) years commencing on the date Franchisee begins operating its Franchised Restaurant as specified on Exhibit B attached hereto. However, if this Agreement is executed by Franchisee in connection with Franchisee's purchase of an existing Franchised Restaurant, the term hereof may be equal to the then remaining term of the Franchise Agreement which relates to the Franchised Restaurant so purchased.

B. Franchisee shall have the right to renew this franchise before the expiration of the initial term of the franchise for one (1) additional successive term equal to ten (10) years, providing all of the conditions hereinafter set forth have been fulfilled:

1. At the time Franchisee notifies Franchisor of Franchisee's election to renew and at all times from such notification to the time of the commencement of the term of the Renewal Franchise Agreement ("Renewal Franchise Agreement"), Franchisee shall have fully performed all of Franchisee's obligations under this Agreement, the

Manual and under all other agreements which may during said period be in effect between Franchisor and Franchisee.

2. Franchisee shall have not committed two (2) or more events constituting default during any twenty four (24) month period during the term of this Agreement, whether or not such defaults were cured.

3. Franchisee shall have obtained the right to continue to occupy the Premises following the expiration of the term hereof.

4. Within twelve (12) months after renewal of this Agreement, Franchisee shall have remodeled and renovated the Franchised Restaurant to conform to Franchisor's then-current standards and specifications for remodeling as determined in the sole discretion of Franchisor, as defined from time to time in the Manual which have been approved by Franchisor within twelve (12) months of the date of the expiration of this Agreement. Failure to remodel as agreed within twelve (12) months subsequent to renewal shall constitute a material event of default in accordance with the terms of the Renewal Franchise Agreement. Franchisee must submit plans to Franchisor and Franchisor must approve the plans in writing.

5. Franchisee shall sign Franchisor's then current franchise agreement.

C. At least eight (8) months but not more than twelve (12) months before this Agreement expires, Franchisee must give Franchisor notice of its intent to renew. Within thirty (30) days of Franchisee's renewal request, Franchisor will give Franchisee its requirements for renewal and its current franchise documents. Franchisor will approve the renewal if Franchisee has complied with the renewal conditions. If Franchisee fails to perform or deliver notice as required for renewal, Franchisee's right to renew will automatically lapse. If applicable law requires that Franchisor give Franchisee notice before the expiration of the franchise term, the Franchise Agreement will remain effective on a month to month basis until Franchisor has legally given Franchisee notice.

III. RESTAURANT LOCATION

A. Franchisee will be solely responsible for purchasing or leasing a suitable site for the Franchised Restaurant. If the franchise location is not designated above, Franchisor shall use reasonable efforts to help analyze Franchisee's market area, to help determine site feasibility and to assist in the designation of the franchise location. While Franchisor shall utilize its experience and expertise in approval of a location, nothing contained herein shall be interpreted as a guarantee of success for said location nor shall any site recommendation or approval made by Franchisor be deemed a representation that any particular site is available for use as a Franchised Restaurant. Prior to the acquisition by lease or purchase of any site for the Premises, Franchisee shall submit a description of the proposed site to Franchisor, together with a letter of intent or other evidence satisfactory to Franchisor which confirms Franchisee's favorable prospects for obtaining the proposed site. Franchisor shall thereafter approve or disapprove such proposed site in the exercise of its sole discretion and so advise Franchisee in writing within thirty (30) business days after receiving Franchisee's written proposal.

B. Notwithstanding Paragraph II.A., unless Franchisee, or an affiliate, shall be or shall become the owner of the real estate on which the Franchised Restaurant is located, the term of this Agreement shall automatically expire upon the earlier termination, without fault or agreement of Franchisee, or earlier expiration of Franchisee's lease, or other right of possession and occupancy of the Franchised Restaurant and location, unless Franchisee shall construct and operate a new Franchised Restaurant in the Territory described in Paragraph I.B. hereof, at a location approved by Franchisor. Franchisor's said approval shall not be unreasonably withheld. In the event that Franchisee's lease or other right of possession and occupancy of the Franchised Restaurant and location shall cease prior to the date that Franchisee shall have completed construction of a new Franchised Restaurant, Franchisee shall pay to Franchisor, as a Royalty Fee (as defined in Paragraph X.A.), for each month that the new Franchised Restaurant is not open for business a sum equal to the average Royalty Fee owed by Franchisee to Franchisor during the twelve (12) month period immediately preceding the month that the Franchised Restaurant closed. For purposes hereof, the term "Affiliate" shall include any person, corporation, limited liability company, general partnership or other entity which directly, or indirectly through one or more intermediaries, controls, is controlled by, or is in under common control with Franchisee.

C. If at the time of execution of this Agreement the Franchised Restaurant has not been constructed, or if the building at the location has been constructed but does not comply with Franchisor's standards in effect for new Franchised Restaurants at the time of the execution of this Franchise Agreement, Franchisee shall at Franchisee's sole cost and expense promptly cause the Franchised Restaurant and location to be constructed, equipped and improved in accordance with such standards. Promptly following the execution hereof, but in any event prior to the renovation or construction of the Franchised Restaurant and location, Franchisor shall provide to Franchisee copies of Franchisor's specifications for the design and layout of the Franchised Restaurant and required building, fixtures, equipment, furnishings, decor and signs. Franchisee shall, in all respects, and at Franchisee's sole cost, comply with all such specifications and criteria unless Franchisor shall, in writing, agree to modifications thereof. Such modifications will customarily be made only if required by zoning or similar laws, landlord requirements, unique plot problems or similar matters. Franchisee shall employ architects and general contractors of Franchisee's own selection, and at Franchisee's sole cost and expense, to prepare such architectural, engineering and construction drawings and site plans, and to obtain all permits and approvals, required to construct, remodel, renovate, and/or equip the Franchised Restaurant and location. When completed, said Franchised Restaurant and location shall in all respects comply with Franchisor's specifications therefor and Franchisor must approve the final plans in writing.

D. Franchisee shall commence construction or renovation, as the case may be, as soon as possible but in no event later than five (5) months after the date of execution of this Agreement.

E. Subject only to causes beyond the reasonable control of Franchisee, such as, by way of illustration, strikes, material shortages, fires and other acts of God, which Franchisee could not by the exercise of due diligence have avoided, Franchisee shall complete construction or renovation, as the case may be, of the Franchised Restaurant and all improvements therein, including installation of all fixtures, signs, equipment and furnishings as soon as possible but in no event later than seven (7) months after commencement thereof. At all times prior to Franchisee commencing the operation of the Franchised Restaurant, Franchisor shall have the right to inspect and examine the premises and any fixtures, signs, furnishings and equipment for the purpose of insuring compliance with Franchisor's standards and specifications. If Franchisee has not met all criteria prior to opening the restaurant, Franchisor may elect to allow an exception if Franchisee secures a bond to guarantee performance within a specified time. In the event that performance is not completed, Franchisor may call bond and complete performance per specifications. Franchisee will maintain responsibility for both physical and financial work completed. Franchisor will return any additional bond funds to Franchisee.

F. Franchisee agrees that the operation of the Franchised Restaurant by Franchisee shall commence not later than twelve (12) months following the date of the execution hereof, subject only to causes beyond the reasonable control of Franchisee, such as, by way of illustration, strikes, material shortages, fires and other acts of God, which Franchisee could not by the exercise of due diligence have avoided, in which event the time for completion may be extended for a reasonable period of time.

G. Franchisee agrees that it will maintain the condition and appearance of the Franchised Restaurant to Franchisor's then-existing standards as defined in the Manual from time to time. Franchisee agrees to renovate the Franchised Restaurant as Franchisor requires from time to time during the term of this Agreement, but in no event shall Franchisor require renovations sooner than five (5) years from the date of this Agreement or more often than once every five (5) years thereafter. "Renovate" may encompass changing the color scheme and decor package for the interior and exterior of the building to a major renovation that will not exceed FIVE HUNDRED THOUSAND DOLLARS ($500,000.00).

H. The time periods for the commencement and completion of construction and the installation of fixtures, signs, machinery and equipment as referred to in this Paragraph III. are of the essence of this Agreement.

I. If Franchisee fails to perform its obligations contained in this Paragraph III., then Franchisor may deem Franchisee's failure to so perform its obligations as aforesaid to constitute a material breach of this Agreement, in which event Franchisor shall notify Franchisee to such effect. If Franchisee cures such default within fifteen (15) days after Franchisor's notice of the material breach specified in Franchisor's notice, which time shall be of the essence of this Agreement, such default shall be deemed cured. If, however, Franchisee fails to cure such default within said fifteen (15) day period, then in such event this Agreement shall be deemed terminated without any further notice. Such notice period, and all other notices prescribed herein shall be inclusive of, and not in addition to any other notice periods required by law.

J. If the location is leased by Franchisee: the lease shall be subject to Franchisor's prior approval, a true and correct copy of which shall be delivered to Franchisor prior to Franchisee's execution thereof. Following approval by Franchisor, and execution by Franchisee, a fully executed copy of said lease shall be promptly delivered to Franchisor. Franchisee shall duly and timely perform all of the terms, conditions, covenants and obligations imposed upon Franchisee under the lease. The lease shall contain such terms as may be required by the Manual and shall provide that it may not be modified or amended without Franchisor's prior written consent which shall not be unreasonably withheld, and that Franchisor shall be provided with copies of all such modifications or amendments.

K. In the event no acceptable site is found and approved by the parties within six (6) months from the date of this Agreement, then, upon written application from either party, this contract shall be terminated.

IV. TRAINING AND ASSISTANCE

A. Prior to commencement of operations of the Franchised Restaurant location, a new Franchisee and his management staff will attend the Franchisor's designated training programs at the expense of Franchisee. (Tuition is included in the initial Franchise Fee.) In the case of a corporate, limited liability company or partnership Franchisee, a shareholder, managing member or general partner selected by Franchisee and approved by Franchisor shall also be trained by Franchisor and in the case of a sole proprietor who will not also be the manager of the Franchised Restaurant, such sole proprietor shall also be trained by Franchisor. Such initial training program shall consist of:

1. Training at a company-owned or a certified training Franchised Restaurant (designated by Franchisor) for such period of time as Franchisor in its discretion deem necessary (typically six weeks);

2. Training at the Franchised Restaurant for approximately one (1) week as Franchisor deems necessary prior to commencement of operations; and

3. Training at the Franchised Restaurant following the opening thereof for approximately one (1) week as Franchisor deems necessary.

B. If Franchisor determines, in Franchisor's sole discretion, that Franchisee is unable to satisfactorily complete either phase of the training program, Franchisor shall have the right to: (i) require Franchisee to attend such additional training at Franchisor's then-current per diem training fee so as to demonstrate Franchisee's ability to operate the Franchised Restaurant to Franchisor's satisfaction; or (ii) terminate this Agreement in the manner herein provided. Upon the occurrence of either of these events, Franchisor shall be fully and forever released from any claims or causes of action Franchisee may have under or pursuant to this Agreement and Franchisee shall have no further right, title or interest in the Marks, and any such rights shall automatically revert to Franchisor.

C. Each restaurant manager employed by Franchisee shall attend and successfully complete Franchisor's initial training program, unless waived by Franchisor by reason of such manager's prior training and qualifications. If Franchisee designates new or additional managers after the initial training program, Franchisor shall train, at no cost to Franchisee for tuition, one (1) new manager employed by Franchisee each year during the term hereof. If Franchisor trains any additional managers or other personnel, Franchisee shall pay Franchisor's standard training fees then in effect in the Manual. Franchisee, in all cases, shall bear all travel and living expenses incurred by such trainee(s), and Franchisor shall pay no compensation for any services performed by such trainee(s) in connection with such training program.

D. Franchisor may, from time to time, at Franchisor's discretion, make available to Franchisee additional training courses or programs during the term of this Agreement. Franchisor shall have the right to make attendance by Franchisee or the manager of the Franchised Restaurant mandatory with respect to certain of such courses and shall have the right to make Franchisee's attendance at other such training courses optional. Franchisor shall make no charge for mandatory training courses but may, in Franchisor's discretion, establish charges applicable to all franchisees similarly situated, for optional training courses. With respect to either mandatory or optional training courses, Franchisee shall pay all transportation costs, food, lodging and similar costs incurred in connection with attendance at such courses. The time and place of both mandatory and optional training courses shall be at Franchisor's sole discretion.

E. Franchisor may, from time to time, in Franchisor's discretion, cause Franchisor's field representatives to visit Franchisee's Franchised Restaurant for the purpose of rendering advice and consultation or training, with respect to the Franchised Restaurant, its operation and performance, and compliance by Franchisee with the Manual. Further, Franchisee shall have the right to inquire of Franchisor's headquarters staff, Franchisor's field representatives and training staff with respect to problems relating to the operation of the Franchised Restaurant, by telephone or correspondence, and Franchisor shall use its best efforts to diligently respond to such inquiries, in order to assist Franchisee in the operation of the Franchised Restaurant.

V. PROPRIETARY MARKS

A. Franchisee acknowledges that Franchisor is the owner of all right, title and interest, together with all the goodwill, of the Marks. Franchisee further acknowledges that Franchisee's right to use the Marks is derived solely from this Agreement and is limited to the conduct of business by Franchisee pursuant to and in compliance with this Agreement and all applicable standards, specifications and operating procedures prescribed by Franchisor from time to time during the term of the franchise. Any unauthorized use of the Marks by Franchisee is a breach of this Agreement and an infringement of the rights of Franchisor in and to the Marks. Franchisee acknowledges that all usage of the Marks by Franchisee and any goodwill established by Franchisee's use of the Marks shall inure to the exclusive benefit of Franchisor and that this Agreement does not confer any goodwill or other interests in the Marks upon Franchisee. Franchisee shall not, at any time during the term of this Agreement or after its termination or expiration, contest the validity or ownership of any of the Marks or assist any other person in contesting the validity or ownership of the Marks. All provisions of this Agreement applicable to the Marks apply to any and all additional trademarks, service marks and commercial symbols authorized for use by and licensed to Franchisee by Franchisor after the date of this Agreement.

B. Franchisee agrees that the Franchised Restaurant herein licensed and franchised shall be named "Western Sizzlin Steak & More," without alteration as prescribed by Franchisor. Franchisee shall use and display the Marks and such of Franchisor's signs, advertising and slogans as Franchisor may from time to time prescribe or approve. Upon termination or expiration of this Agreement, Franchisor may sign any documents in Franchisee's name to cancel Franchisee's use of the Marks. Franchisee shall not use any Mark or portion of any Mark as part of a corporate or trade name or with any prefix, suffix or other modifying words, terms, designs or symbols, or in any modified form. If Franchisee is a corporation, limited liability company or general limited partnership, Franchisee shall not use the Marks or Franchisor's trade name or any words or symbols which are confusingly similar thereto as all or part of Franchisee's name. Franchisee shall not use any Mark in connection with the sale of any unauthorized product or service or in any other manner not expressly authorized in writing by Franchisor. Franchisee shall not display the trademark, service mark, trade name, insignia or logotype of any other person, firm or corporation in connection with the operation of the Franchised Restaurant without the express prior written consent of Franchisor, which may be withheld in its sole subjective discretion. Franchisee shall give such notices of trademark and service mark registrations as Franchisor specifies and obtain such fictitious or assumed name registrations as may be required under applicable law.

C. Franchisee shall promptly notify Franchisor of any claim, demand or cause of action based upon or arising from any attempt by any other person, firm or corporation to use the Marks or any colorable imitation thereof. Franchisee shall also notify Franchisor of any action, claim or demand against Franchisee relating to the Marks within ten (10) days after Franchisee receives notice of said action, claim or demand. Upon receipt of timely notice of an action, claim or demand against Franchisee relating to the Marks, Franchisor shall have the sole right, but not the duty, to defend any such action. Franchisor shall have the exclusive right to contest or bring action against any third party regarding the third party's use of any of the Marks and shall exercise such right in Franchisor's sole discretion. In any defense or prosecution of any litigation relating to the Marks or components of the System undertaken by Franchisor, Franchisee shall cooperate with Franchisor, execute any and all documents and take all actions as may be desirable or necessary, in the opinion of Franchisor's counsel, to carry out such defense or prosecution. Both parties shall make every effort consistent with the foregoing to protect, maintain and promote the Marks as identifying the System and only the System.

D. If it becomes advisable at any time, in Franchisor's sole discretion, for Franchisor to modify or discontinue use of any Mark, and/or use one (1) or more additional or substitute trade names, trademarks, service marks or other commercial symbols, Franchisee shall comply with Franchisor's directions within a reasonable time after notice to Franchisee by Franchisor. Franchisor shall have no liability or obligation whatsoever with respect to Franchisee's modification or discontinuance of any Mark.

E. In order to preserve the validity and integrity of the Marks and copyrighted material licensed herein and to ensure that Franchisee is properly employing the same in the operation of its Franchised Restaurant, Franchisor or its agents shall have the right of entry and inspection of Franchisee's Premises and operating procedures at all reasonable times. Franchisor shall have the right to observe the manner in which Franchisee is rendering its Franchised Restaurant services and conducting its operations, to confer with Franchisee's employees and customers and to select Menu Items, the Proprietary Products, ingredients, food and non-food products, beverages and other items, products and supplies for test of content and evaluation purposes to make certain that the Menu Items, the Proprietary Products, ingredients, food and non-food products, beverages and other items, products, materials and supplies are satisfactory and meet the quality control provisions and performance standards established by Franchisor.

F. Franchisee shall not establish a Web site on the Internet using any domain name containing the words from any of Franchisor's Concepts or any variation thereof. Franchisor retains the sole right to advertise on the Internet and create a Web site using any of Franchisor's

Concepts domain names. Franchisee acknowledges that Franchisor is the owner of all right, title and interest in and to such domain names as Franchisor shall designate in the Manual.

VI. CONFIDENTIAL OPERATIONS MANUAL

A. Franchisor shall provide Franchisee with access during the term of the franchise, to one (1) copy of the Manual containing reasonable, mandatory and suggested specifications, standards, operating procedures and rules prescribed from time to time by Franchisor for Franchised Restaurants and information relative to other obligations of Franchisee hereunder. Franchisor shall have the right to add to and otherwise modify the Manual (including, but not limited to, all bulletins, supplements, and ancillary manuals) from time to time to reflect changes in the specifications, standards, operating procedures and rules prescribed by Franchisor for Franchised Restaurants, provided that no such addition or modification shall alter Franchisee's fundamental status and rights under this Agreement.

1. The subject matter of the Manual may include, without limitation, matters such as: forms, information relating to product and menu specifications, cash control, purchase orders, general operations, labor schedules, personnel, Gross Sales, reports, payroll procedures, training and accounting, safety and sanitation, design specifications and color of uniforms, display of signs and notices, authorized and required equipment, fixtures (including specifications therefor), Marks usage, insurance requirements, lease requirements, decor, standards for management and personnel, hours of operation, yellow page and local advertising formats, standards of maintenance and appearance of the Franchised Restaurant.

2. Franchisor shall have the right to modify the Manual at any time and from time to time by the addition, deletion or other modification to the provisions thereof. All such modifications shall be equally applicable to all similarly situated franchisees who are required by their franchise agreements to comply therewith, and no such modification shall alter Franchisee's fundamental status and rights under this Agreement. Modifications in the Manual shall become effective upon delivery of written notice to Franchisee unless a longer period is specified in such written notice. The Manual, as modified from time to time as hereinabove provided, shall be an integral part of this Agreement and reference made in this Agreement, or in any amendments, exhibits or schedules hereto, to the Manual shall be deemed to mean the Manual kept current by amendments from time to time. Upon the execution of this Agreement, Franchisor shall furnish to Franchisee one (1) copy of the Manual, unless Franchisee purchased the Franchised Restaurant from an existing franchisee or entered into this Agreement as a Renewal Franchise Agreement. Upon the expiration or termination of this Agreement for any reason whatsoever, Franchisee shall immediately return the Manual to Franchisor. Franchisee shall not make, or cause or allow to be made, any copies or reproductions of all or any portion of the Manual without Franchisor's express prior written consent.

B. The Manual shall at all times remain the sole property of Franchisor and shall promptly be returned upon the expiration or other termination of this Agreement. At no time shall Franchisee or its employees make copies or reproductions of all or part of the Manual.

C. The Manual contains proprietary information of Franchisor and shall be kept confidential by Franchisee both during the term of the franchise and subsequent to the expiration and/or termination of the franchise. Franchisee shall at all times ensure that its copy of the Manual be available at the Premises in a current and up-to-date manner. At all times that the Manual is not in use by authorized personnel, Franchisee shall maintain the Manual in a locked receptacle at the Premises and shall only grant authorized personnel, as defined in the Manual, access to the key or lock combination of such receptacle. In the event of any dispute as to the contents of the Manual, the terms of the master copy of the Manual maintained by Franchisor at Franchisor's home office shall be controlling.

VII. CONFIDENTIAL INFORMATION

A. Franchisee acknowledges that its entire knowledge of the operation of a Franchised Restaurant including, without limitation, the method of preparation of Menu Items, Proprietary Products, other food products and other specifications, product formulae, standards and operating procedures of a Franchised Restaurant is derived from information disclosed to Franchisee by Franchisor and that such information is proprietary, confidential and the Trade Secret of Franchisor. In addition, any improvements developed by Franchisee pursuant to Franchisee's operation of the Franchised Restaurant shall constitute proprietary information of Franchisor. "Trade Secrets" refers to the whole or any portion of know-how, knowledge, methods, recipes, formulae, specifications, processes, procedures and/or improvements regarding a Franchised Restaurant, the System and any information that is valuable and secret in the sense that it is not generally known to competitors of Franchisor. Franchisee shall maintain the absolute confidentiality of all such information during and after the term of the franchise and Franchisee shall not use any such information in any other business or in any manner not specifically authorized or approved in writing by Franchisor.

B. Franchisee shall divulge such confidential information only to the extent and only to such of its employees as must have access to it in order to operate the Franchised Restaurant. Any and all information, knowledge and know-how including, without limitation, drawings, materials, equipment, techniques, restaurant systems, product formulae, recipes and other data which Franchisor designates as confidential shall be deemed confidential for purposes of this Agreement, except information which Franchisee can demonstrate lawfully came to its attention prior to disclosure thereof by Franchisor; or which, at the time of disclosure by Franchisor to Franchisee, had lawfully become a part of the public domain, through publication or communication by others; or which, after disclosure to Franchisee by Franchisor, lawfully becomes a part of the public domain, through publication or communication by others.

C. Due to the special and unique nature of the confidential information, Marks and Manual of Franchisor, Franchisee hereby acknowledges that Franchisor shall be entitled to immediate equitable remedies including, but not limited to, restraining orders and injunctive relief in order to safeguard such proprietary, confidential, unique and special information of Franchisor and that money damages alone would be an insufficient remedy with which to compensate Franchisor for any breach of the terms of Paragraphs V., VI., VII. and XV. of this Agreement. Such injunctive relief shall be without notice and/or without bond. All owners, directors, shareholders, partners and employees of Franchisee having access to the confidential and proprietary information of Franchisor shall be required to execute non-disclosure agreements in the form acceptable to Franchisor.

D. Franchisee and Franchisor acknowledge and agree, as follows:

1. Franchisor may authorize Franchisee to use certain copyrighted or copyrightable works ("Copyrighted Works");

2. The Copyrighted Works are the valuable property of Franchisor or its Related Entities; and

3. Franchisee's rights to use the Copyrighted Works are granted to Franchisee solely on the condition that Franchisee complies with the terms of this Paragraph VII.

E. Franchisee acknowledges and agrees that Franchisor owns or is the licensee of the owner of the Copyrighted Works and shall further create, acquire or obtain licenses for certain copyrights in various works of authorship used in connection with the operation of Franchised Restaurants including, but not limited to, all categories of works eligible for protection under the United States copyright law, all of which shall be deemed to be Copyrighted Works under this Agreement. Such Copyrighted Works include, but are not limited to, the Manual, advertisements, promotional materials, posters and signs and may include all or part of the Marks, trade dress and other portions of the System. Franchisor intends that all works of authorship related to the System which are created in the future shall be owned by it or its affiliates.

F. If Franchisee develops any new program, project, work of art or other material in the course of operating its Franchised Restaurant and Franchisor approves the use and sale of this service in the Franchised Restaurant, this new program, project, work of art or other material shall automatically become the property of Franchisor as though Franchisor had developed the program, project, work of art or other material itself.

VIII. MODIFICATION OF THE SYSTEM

Franchisee acknowledges that from time to time hereafter, Franchisor may change or modify the System presently identified by the Marks including, without limitation, the adoption and use of new or modified trade names, trademarks, service marks or copyrighted materials, new Menu Items, new products, new equipment or new techniques and such modifications shall be communicated to Franchisee through the Manual. Franchisee shall accept, use and display, for the purpose of this Agreement, any such changes in the System, as if they were part of this Agreement at the time of execution hereof. Franchisee shall make such expenditures as are reasonably required by such changes or modifications in the System. Franchisee shall not change, modify or alter the System in any way. See Paragraph III.G. of this Agreement.

IX. ADVERTISING

Recognizing the value of advertising and the importance of the standardization of advertising and promotion to the furtherance of the goodwill and the public image of Franchised Restaurants, Franchisee agrees as follows:

A. Franchisee shall submit to Franchisor or its designated agency, for its prior approval, all promotional materials and advertising to be used by Franchisee including, but not limited to, newspapers, radio and television advertising, specialty and novelty items, signs, containers and boxes. In the event written disapproval of said advertising and promotional material is not given by Franchisor to Franchisee within twenty (20) days from the date such material is received by Franchisor, said materials shall be deemed approved. Failure by Franchisee to conform with the provisions herein and subsequent non-action by Franchisor to require Franchisee to cure or remedy this failure and default shall not be deemed a waiver of future or additional failures and defaults of any other provision of this Agreement. The submission of advertising to Franchisor for approval shall not affect Franchisee's right to determine the prices at which Franchisee sells its products or services.

B. Franchisee shall spend a minimum of TEN THOUSAND DOLLARS ($10,000.00) during the first sixty (60) days of operation of the Franchised Restaurant on newspaper, direct mail advertising or promotional items through other media ("Grand Opening Advertising"). Such Grand Opening Advertising shall be conducted in accordance with the Manual. Franchisor shall establish guidelines for Grand Opening Advertising and shall provide such guidelines to Franchisee prior to or during the initial training program.

C. A not for profit corporation has been created for the purpose of administering advertising development and research projects which shall be funded in accordance with the provisions hereof (hereinafter "A.D.R.F."). Except as herein provided A.D.R.F. shall conduct its affairs in accordance with the provisions of its Charter and By Laws as they are adopted from time to time.

D. Each week during the term of the Franchise Agreement, each Franchised Restaurant must pay to A.D.R.F. an advertising development and research fund fee ("A.D.R.F. Fee") equal to TWO HUNDRED FIFTY DOLLARS ($250.00) per month per restaurant. Franchisor will contribute for each company owned Western Sizzlin Steak & More restaurant. The amount of all A.D.R.F. Fees received from franchisees who are contractually required to pay A.D.R.F. Fees, and the related amounts required to be expended by Franchisor on account of Franchisor's company owned Western Sizzlin Steak & More Restaurants, shall be expended to conduct research and to develop national, regional, and/or local advertising campaigns, programs, and materials designed to promote and enhance the image, identity, or patronage of the franchised and company owned restaurants operating under the Marks. A.D.R.F. may, among other things, conduct marketing studies, and produce and purchase Advertising Materials, radio and television commercials, musical jingles, print advertisements, point of sale materials, direct mail materials, and promotional material and literature ("Advertising Materials"). A.D.R.F. may also use such amounts to reimburse its actual direct costs and expenses for personnel or outside consultants and representatives hired or retained to conduct such research or produce and develop such Advertising Materials. A.D.R.F. may, at its option, make Advertising

Materials developed with A.D.R.F. Fees available to Franchisee and other franchisees with or without additional charge. The monthly A.D.R.F. Fee contemplated herein will be subject to increase or decrease upon the resolution of the A.D.R.F. Board of Directors, provided that any increase or decrease is uniformly applied to all franchisees. Such increase or decrease will also apply to company-owned Western Sizzlin Steak & More Restaurants. Any increase in the A.D.R.F. Fee will not exceed an increase or decrease of 0.5% of Franchisee's Gross Sales per month during the term of this Agreement.

E. Franchisor will deposit into A.D.R.F.'s account supplier's advertising cash rebates, and other cash rebates received by Franchisor from suppliers, if any, to A.D.R.F. Further, Franchisor has previously, and may in the future, lend funds to A.D.R.F. All such funds shall be repaid to Franchisor with interest, unless otherwise agreed in writing. Franchisor may pay all reasonable and necessary travel and meeting expenses relating to A.D.R.F. meetings, and the meetings of any of its subcommittees.

F. A.D.R.F. shall determine, in its total and subjective discretion and exercised in good faith, the cost, media, content, format, style, timing, allocation, and all other matters relating to such advertising. Nothing herein shall be construed to require A.D.R.F. to allocate or expend monies so as to benefit any particular franchisee or group of franchisees on a pro rata or proportional basis or otherwise.

G. A.D.R.F. must furnish to Franchisee, within one hundred twenty (120) days after the end of each calendar year, a report for the preceding year, prepared and certified as correct by an officer of A.D.R.F., describing the income and expenditures of A.D.R.F. during such year relating to monies, and the amount, if any, remaining which shall be carried over for use during the following years.

H. Franchisee should spend on local advertising and promotion, an amount equal to two percent (2%) of Franchisee's Gross Sales (as defined in Paragraph X.D.) each week. Such expenditures shall be made directly by Franchisee as required by Franchisor in the Manual, subject to approval and direction by Franchisor or Franchisor's designated advertising agency. Within thirty (30) days of the end of each calendar month, Franchisee shall furnish to Franchisor, in a manner approved by Franchisor, an accurate accounting of Franchisee's expenditures on local advertising and promotion for the preceding calendar month just ended. Franchisor shall provide guidelines for local advertising and any deviation from such guidelines requires the prior approval of Franchisor.

I. Franchisor shall have the right at any time, and from time to time, to create Co op Advertising and/or Purchasing Regions ("Co-ops") by Areas of Dominant Influence ("ADI") as established by Arbitron or such other prevailing standard as adopted by Franchisor. If and when Franchisor creates a Co op for the region in which the Franchised Restaurant is located, Franchisee shall become a subscriber and member thereof, and participate therein, in accordance with the Subscription Agreement and By laws of such Co op. The size and content of such regions, when and if established by Franchisor, shall be binding upon Franchisee and all other franchisees similarly situated who are required by the terms of their franchise agreements to so participate. At all meetings of such Co op, each participating franchisee, and Franchisor shall be entitled to one (1) vote for each company-owned Western Sizzlin Steak & More Restaurant located within such Co op. At any time upon reasonable notice, twenty percent (20%) of the eligible members by vote, or a majority of the directors, may call a meeting of all members of a Co op. Except as provided in this Paragraph, and except for any amendment of the Certificate of Incorporation or By laws of the Co op (which shall require the affirmative vote of Franchisor), all matters concerning operation of a Co op shall be decided by majority vote, provided that a quorum is present, and such vote shall bind all members of said region, including Franchisor. For purposes hereof, a quorum shall consist of members entitled to cast at least fifty percent (50%) of the total number of votes in such Co-op. Franchisee shall not be required to participate in a Co-op unless all company-owned restaurants within the Region participate.

J. In no event will Franchisee be required to expend more than four percent (4%) of Gross Sales for advertising, including local advertising, A.D.R.F. and Co-op expenditures. Franchisee may elect to expend more than this percentage.

K. Franchisee shall, at its sole expense, subscribe for and maintain throughout the term hereof one (1) or more telephone numbers, which shall be listed in the white pages and, at Franchisee's option, in the yellow pages of the telephone directory or directories servicing Franchisee's Territory and such adjacent or nearby areas as Franchisor may designate. In all advertising placed by Franchisee in which such listed number(s) appear, there shall not appear any other telephone numbers subscribed for by Franchisee personally or in the conduct of any other business.

L. From time to time during the term hereof, A.D.R.F. shall have the right to establish and conduct promotional campaigns on a national or regional basis, which may, without limitation, promote particular products or marketing themes. Franchisee agrees to participate in such promotional campaigns upon such terms and conditions as the A.D.R.F. may establish. Franchisee acknowledges and agrees that such participation may require Franchisee to purchase point of sale Advertising Material, posters, flyers, product displays and other promotional material. Expenditures undertaken by Franchisee under this Paragraph count toward the four percent (4%) requirement set out under Paragraph IX.J.

M. Franchisee shall not advertise or use in advertising or any other form of promotion, the copyrighted materials, trademarks, service marks or commercial symbols of Franchisor without the appropriate © or ® registration marks or the designation TM or SM where applicable.

X. ROYALTY FEE

A. Franchisee shall pay to Franchisor, without offset, credit or deduction of any nature, so long as this Agreement shall be in effect, a weekly Royalty Fee equal to two percent (2%) of the Gross Sales derived from the Franchised Restaurant. Said Royalty Fee shall be paid in the manner specified below, or as otherwise prescribed in the Manual ("Royalty Fee"). Franchisor reserves the right to collect the Royalty Fee more frequently upon thirty (30) days prior written notice to Franchisee.

B. On or before the fifteenth (15th) day of each calendar month during the term hereof, Franchisee shall pay Franchisor the full amount of:

1. The Royalty Fee due to Franchisor for the immediately preceding calendar month; and

2. The A.D.R.F. Fee due to Franchisor for the immediately preceding calendar month.

C. Franchisor reserves the right to implement a thirteen (13) period calendar, accounting period and business cycle for purposes of payments designated under this Paragraph.

D. The term "Gross Sales" as used herein shall mean all sums received or receivable by Franchisee, directly or indirectly, from or in connection with the operation of the Franchised Restaurant, including revenues generated from any and all sources on account of the sale of food and beverages and other goods and products (including vending machines, games, slot machines, amusement rides, and telephones), and from the rendering of services of any kind or nature, at or from the Franchised Restaurant, or under, or in any way connected with the use of the Marks, whether for cash, credit, or barter. There shall be deducted from Gross Sales for purposes of said computation (but only to the extent that they have been included) the amount of all sales tax receipts or similar tax receipts which, by law, are chargeable to customers, if such taxes are separately stated when the customer is charged, and the amount of any actual refunds, rebates, over rings, and allowances given to customers in good faith.

E. All Royalty Fees, advertising contributions, amounts due for purchases by Franchisee from Franchisor or its Related Entities, and other amounts which Franchisee owes to Franchisor, shall bear interest after due date at the highest applicable legal rate for open account business credit, not to exceed one and one-half percent (1.5%) per month. Franchisee acknowledges that this Paragraph X. shall not constitute agreement by Franchisor to accept such payments after same are due or a commitment by Franchisor to extend credit to, or otherwise finance Franchisee's operation of, the Franchised Restaurant. Further, Franchisee acknowledges that its failure to pay all amounts when due shall constitute grounds for termination of this Agreement, as provided in Paragraph XVI. hereof, notwithstanding the provisions of this Paragraph X.

F. Notwithstanding any designation by Franchisee, Franchisor shall have the sole discretion to apply any payments by Franchisee to any past due indebtedness of Franchisee for Royalty Fees, advertising contributions, purchases from Franchisor, interest or any other indebtedness.

G. All Royalty Fees, advertising contributions, amounts due for purchases by Franchisee from Franchisor and other amounts which Franchisee owes to Franchisor shall be paid through an electronic depository transfer account ("Electronic Transfer") as further described in the Manual. Immediately following execution of this Agreement, Franchisee shall set up an Electronic Transfer account and Franchisor may have access to such account for the purpose of receiving payment for Royalty Fees, advertising contributions, amounts due for purchases by Franchisee from Franchisor and any other amounts which Franchisee owes to Franchisor. Every week, Franchisee shall make deposits to the account sufficient to cover amounts owed to Franchisor for Royalty Fees, advertising contributions, and other monies owed to Franchisor. Deposits for all other amounts owed to Franchisor shall be in accordance with the procedures set forth in the Manual.

XI. ACCOUNTING AND RECORDS AND TECHNOLOGY

A. During the term of this Agreement, Franchisee shall maintain and preserve, for the time period specified in the Manual, full, complete and accurate books, records and accounts in accordance with the standard accounting system prescribed by Franchisor in the Manual or otherwise in writing. Franchisee shall retain, for a period of five (5) years thereafter or such longer period as may be prescribed by law, all books and records related to the Franchised Restaurant including, without limitation, sales checks, purchase orders, invoices, payroll records, customer lists, check stubs, sales tax records and returns, cash receipts and disbursement journals and general ledgers.

B. Simultaneously with Franchisee's Royalty Fee payment, Franchisee shall submit a weekly sales summary signed by Franchisee, on a form prescribed by Franchisor, reporting all Gross Sales for the immediately preceding week, and such additional financial information as Franchisor may from time to time reasonably request.

C. Within forty-five (45) days following the end of each calendar quarter during the term hereof, Franchisee shall submit to Franchisor financial statements for the preceding quarter, including a balance sheet and profit and loss statement, prepared in the form and manner specified by Franchisor and in accordance with generally accepted accounting principles.

D. Within seventy-five (75) days following the end of each of calendar year, Franchisee shall submit to Franchisor an unaudited annual financial statement prepared in accordance with generally accepted accounting principles, and in such form and manner prescribed by Franchisor, which shall be certified by Franchisee, to be accurate and complete.

E. Franchisor will furnish to Franchisee the standard reporting forms and charts of accounts that are required to be used by Franchisee. Franchisor shall use its reasonable efforts to maintain all financial information received from Franchisee in confidence; provided, however, that Franchisor shall have the right to use and disclose such information to third parties, including the public, as long as the identity of Franchisee and the location of its Franchised Restaurant are not divulged or disclosed.

F. Franchisee shall submit to Franchisor such other periodic reports, forms and records as specified, in the manner and at the time specified in the Manual or as Franchisor shall otherwise require in writing from time to time.

G. The Manual does not presently require the use of facsimile equipment or computerized cash registers or record keeping facilities. If Franchisor subsequently establishes a requirement to use same, Franchisee must, as soon as reasonably practicable, purchase or lease, and thereafter install, use, maintain and upgrade such computer facilities, facsimile equipment, hardware, software and other such equipment, for the purpose of performing cash register, bookkeeping, computerized polling of sales, accounting or other functions related to the operation of the Franchised Restaurant. All such computer facilities, facsimile equipment, hardware, software and other equipment must be compatible with Franchisor's system as modified from time to time and must meet and be maintained in compliance with Franchisor's specifications therefor as set forth in the Manual.

H. Until and unless Franchisee is required to use a computerized cash register as described above, Franchisee must cause all sales to be registered upon an electronic non resettable cash register of the type and having the characteristics specified by Franchisor, and must provide Franchisor access to permit reading of the running total of said cash register at any time or times at Franchisor's sole discretion. Franchisee must repair all malfunctions immediately and must follow Franchisor's policies and procedures as established from time to time during any period during which the cash register is not fully operational. Franchisee must provide Franchisor with the serial number of each such cash register prior to using same and must keep and preserve all cash register tapes, tape readings, and other mechanical or electronic recordations of cash register readings, for such period of time and in such manner as Franchisor may from time to time prescribe.

I. Franchisor or its designated agents shall have the right at all reasonable times to examine and copy, at its expense, the books, records and tax returns of Franchisee. Franchisor shall also have the right, at any time, to have an independent audit made of the books and records of Franchisee at Franchisor's expense. If an inspection should reveal that any payments due to Franchisor have been understated in any report to Franchisor, then Franchisee shall immediately pay to Franchisor the amount understated upon demand, in addition to interest from the date such amount was due until paid, at the maximum rate permitted by law. If an inspection discloses an understatement in any report of two percent (2%) or more, Franchisee shall, in addition, reimburse Franchisor for any and all costs and expenses connected with the inspection (including, without limitation, reasonable accounting and attorneys' fees). The foregoing remedies shall be in addition to any other remedies Franchisor may have.

J. Franchisee acknowledges that nothing contained herein constitutes Franchisor's agreement to accept any payments after same are due or a commitment by Franchisor to extend credit to or otherwise finance Franchisee's operation of the Franchised Restaurant. Further, Franchisee acknowledges that its failure to pay all amounts when due shall constitute a material default of and grounds for termination of this Agreement.

K. Franchisor shall have the right to specify or require that certain brands, types, makes, and/or models of communication, information technology and/or computer hardware and software and related equipment used by the Franchisee, including without limitation menu boards, back office and point-of-sale systems (including but not limited to food cost management, supply management and labor management systems) and anti-virus software ("Required Software"), camera/surveillance systems, communication (headsets), music systems, kitchen production system, computer network, printers and other peripheral hardware or devices; archival back-up systems, broadband access specifications including mode and speed, the tangible media upon which Franchisee shall record data; the database file structure for the point of sale system, and similar hardware, software or devices designed to enhance the efficiency of restaurant operations (collectively, the "Required Technology").

Franchisor shall have the right, but not the obligation, to develop or have developed for it, or to designate:

(i) the Required Software, which Franchisee shall install at its expense;

(ii) updates, supplements, modifications, or enhancements to the Required Software, which Franchisee shall install at its expense;

(iii) the tangible media upon which Franchisee shall record data; and

(iv) the database file structure of the Required Technology.

Franchisee shall purchase the Required Technology from Franchisor or its Affiliates, or other vendors which Franchisor may approve in its sole discretion. While Franchisor shall not be required to approve an alternate vendor for the Required Technology as a condition to approving any new vendor, Franchisor may require that Franchisee pay:

(i) all costs and expenses related to Franchisor's testing and evaluation of the alternate supplier of the proposed Required Technology; and

(ii) Franchisor's then-current hourly rate for Franchisor's custom integration work or services required for Franchisor to retrieve or supply financial and operational data related to the Franchised Restaurant operations for such non-standard Required Technology. Franchisee acknowledges and agrees that the expenses set forth in this subsection (ii) will not be limited to a one-time fee, as the integration work will be required through the duration of the use of such non-standard Required Technology.

Franchisor shall have the right at any time to remotely retrieve via electronic data transfer ("Polling") and use such data and information from Franchisee's point of sale system and back-office systems as Franchisor deems necessary or desirable. Franchisor reserves the right to collect (via broadband access) Franchisee's point of sale data, food cost and labor data in order to compile sales data, consumer trends, food and labor costs, and other such financial and marketing information as Franchisor deems appropriate, and Franchisee acknowledges and agrees that Franchisor may distribute this data to other franchisees or third parties on a confidential basis. Franchisee agrees to set up the systems to maintain and facilitate such Polling at all times during the term of this Agreement and failure to do so except for temporaroy disruptions beyond Franchisee's reasonable control shall be deemed an event of default hereunder.

Franchisee expressly agrees to strictly comply with Franchisor's standards and specifications for all items associated with Franchisee's Required Technology in accordance with Franchisor's standards and specifications. Franchisee agrees, at its own expense, to keep the Required Technology in good maintenance and repair and install such additions, changes, modifications, substitutions, and/or replacements to the Required Technology as Franchisor directs from time to time in writing. Franchisee must obtain annual support contracts with the vendors designated by Franchisor, at Franchisee's expense, which may include support services provided by Franchisor for an additional fee at Franchisor's then-current prices for such support services. Franchisee is solely responsible for protecting itself from viruses, computer hackers and other computer-related problems, and hereby waives any and all claims against Franchisor and its Affiliates relating to or arising out of any harm caused by such computer-related problems. Franchisee must take steps necessary to comply with the "Payment Card Industry Data Security Standard" ("PCI DSS"), must validate compliance with the PCI DSS annually and subject its point of sale network to quarterly vulnerability scans. Also, Franchisee must put in place proper network security measures required by PCI DSS. Franchisor requires that Franchisee purchase PCI DSS validation, vulnerability scanning services, and network security measures from a supplier approved by Franchisor. Franchisee agrees that its compliance with this Section shall be at Franchisee's sole cost and expense.

Franchisee and Franchisor acknowledge and agree that changes to technology are dynamic and not predictable within the term of this Agreement. In order to provide for inevitable but unpredictable changes to technological needs and opportunities, Franchisee agrees that Franchisor shall have the right to establish, in writing, reasonable new standards for the implementation of technology in the System; and Franchisee agrees that it shall abide by those reasonable new standards established by Franchisor as if this Agreement were periodically revised by Franchisor for that purpose, which may require Franchisee to incur costs to purchase, lease or license new or modified computer hardware and software or to obtain service and support for Required Technologys during the term of this Agreement.

XII. STANDARDS OF QUALITY AND PERFORMANCE

A. Franchisee shall comply with all requirements set forth in this Agreement, the Manual and other written policies supplied to Franchisee by Franchisor. Mandatory specifications, standards, operating procedures and rules prescribed from time to time by Franchisor in the Manual or otherwise communicated to Franchisee in writing, shall constitute provisions of this Agreement as if fully set forth herein and shall be reasonably and uniformly applied to all franchisees. All references herein to this Agreement shall include all such mandatory specifications, standards and operating procedures and rules. Franchisee shall comply with the entire System including, but not limited to, the requirements of this Paragraph XII.

B. Franchisee shall maintain the condition and appearance of the Premises consistent with Franchisor's quality controls and standards. Franchisee shall effect such reasonable maintenance of the Franchised Restaurant as is from time to time required to maintain or improve the appearance and efficient operation of the Franchised Restaurant including, but not limited to, replacement of worn out or obsolete fixtures and signs, repair of the exterior and interior of the Premises and purchasing and installation of new or modified equipment. If at any time in Franchisor's judgment the general state of repair or the appearance of the Premises or its equipment, fixtures, signs, decor or uniforms does not meet Franchisor's quality control and standards therefor, Franchisor shall so notify Franchisee, specifying the action to be taken by Franchisee to correct such deficiency. If Franchisee fails or refuses to initiate within thirty (30) days after receipt of such notice, and thereafter continue a bona fide program to complete any required maintenance, Franchisor shall have the right, but not the obligation, in addition to all other remedies, to enter upon the Premises and effect such repairs, painting, maintenance or replacements of equipment, fixtures, signs or uniforms on behalf of Franchisee and Franchisee shall pay the entire costs thereof on demand. Franchisee's obligation to initiate and continue any required maintenance shall be suspended during any period in which such maintenance is impractical due to force majeure.

C. Franchisee shall make no material alterations to the Premises nor shall Franchisee make material replacements of or alterations to the equipment, fixtures or signs of the Franchised Restaurant without the prior written approval by Franchisor.

D. The location of the Franchised Restaurant approved by Franchisor in accordance with Paragraph III. hereof shall be used solely for the purpose of conducting a Franchised Restaurant.

E. Franchisee shall offer for sale and sell at the Franchised Restaurant all types of Menu Items and other categories of food and beverage products that Franchisor from time to time authorizes and shall not offer for sale or sell at the Franchised Restaurant or the Premises, any other category of products or use such Premises for any purpose other than the operation of a Franchised Restaurant in full compliance with this Agreement.

F. In order to ensure that all Menu Items produced by Franchisee meet Franchisor's high standards of taste, texture, appearance and freshness, and in order to protect Franchisor's goodwill and Marks, all Proprietary Products, Menu Items and other food and beverage products shall be prepared only by properly trained personnel strictly in accordance with Franchisor's recipes, cooking techniques and processes as designated by Franchisor in the Manual, and shall be sold only at retail to customers in conformity with Franchisor's marketing plan and concept. Franchisee acknowledges that such recipes, cooking techniques and processes are integral to the System and failure to adhere to such recipes, cooking techniques and processes (including the handling and storage of both ingredients and fully prepared Menu Items) shall be detrimental to the System and Marks.

G. Franchisor may, from time to time throughout the term hereof in Franchisor's sole subjective discretion, require that Franchisee use, offer and/or promote, and maintain in stock at the Franchised Restaurant in such quantities as are needed to meet reasonably anticipated consumer demand, certain proprietary spice mixes, seasonings, flavorings and marinades which are manufactured in accordance with Franchisor's proprietary recipes, specifications and/or formulas ("Proprietary Products"). Franchisee shall purchase Proprietary Products only from Franchisor or Franchisor's designees. Franchisor shall not be obligated to reveal such recipes, specifications and/or formulas of such Proprietary Products to Franchisee, non designated suppliers, or any other third parties. Franchisee, upon providing Franchisor with adequate written notice may, at Franchisee's sole expense, on an annual basis, audit Franchisor's direct cost accounting.

H. Franchisor may designate food products, ingredients, cooking oil, condiments, beverages, fixtures, furnishings, equipment, uniforms, supplies, forms and other products and equipment other than Proprietary Products which Franchisee may or must use and/or offer and sell at the Franchised Restaurant ("Non Proprietary Products"). Franchisee may, but shall not be obligated to, purchase such Non Proprietary Products from Franchisor, if Franchisor supplies same. Franchisee may use, offer or sell only such Non Proprietary Products that Franchisor has expressly authorized, or that were purchased or obtained from Franchisor or a supplier designated or approved by Franchisor pursuant to Subparagraph I. below. Notwithstanding the foregoing, Franchisor will provide a minimum of two (2) product brands, if available, or specifications for each Non-Proprietary Product.

I. Franchisee may purchase authorized Non Proprietary Products from (i) Franchisor; (ii) suppliers designated by Franchisor; or (iii) suppliers selected by Franchisee and approved in writing by Franchisor prior to Franchisee's making such purchase(s). With respect to each such supplier designated or approved by Franchisor, such supplier shall have demonstrated to Franchisor's reasonable satisfaction:

1. Its ability to supply a Non Proprietary Product meeting Franchisor's specifications which may include, without limitation, specifications as to brand name, contents, quality, and compliance with governmental standards and regulations; and

2. Its reliability with respect to the consistent quality of its products or services.

In the event that Franchisee should desire to procure any authorized Non Proprietary Products from a supplier other than Franchisor or a supplier previously approved or designated by Franchisor, Franchisor shall, upon Franchisee's request, furnish to Franchisee specifications for such Non Proprietary Products if such are not contained in the Manual. Franchisee shall thereafter deliver written notice to Franchisor of Franchisee's desire to seek approval of such supplier, which notice shall: (i) identify the name and address of such supplier; (ii) contain such information as may be requested by Franchisor or required to be provided pursuant to the Manual; and (iii) identify the authorized Non Proprietary Products desired to be purchased from such supplier.

Franchisor may thereupon request that the proposed supplier furnish Franchisor, at no charge, product samples, specifications and such other information as Franchisor may require. Should Franchisor not deliver to Franchisee, within thirty (30) business days after Franchisor has received such notice and all information and other items requested by Franchisor in order to evaluate the proposed supplier, a written statement of disapproval with respect to such supplier, it shall be deemed that such supplier is approved by Franchisor as a supplier of the authorized Non Proprietary Products described in such notice until such time as Franchisor may subsequently withdraw such approval. As a further condition of such approval, Franchisor may require such supplier to agree in writing: (i) to provide, from time to time, upon Franchisor's request, free samples of any Non Proprietary Product it intends to supply to Franchisee; (ii) to faithfully comply with Franchisor's specifications for applicable Non Proprietary Products sold by it; and (iii) that it shall sell any Non Proprietary Product bearing Franchisor's Trademarks only to Franchisor's franchisees and only pursuant to a Trademark License Agreement in a form prescribed by Franchisor.

Franchisee shall reimburse Franchisor for all product testing costs paid by Franchisor to third parties in determining whether to approve a supplier selected by Franchisee.

J. Franchisor may, from time to time, authorize Franchisee to test market products and/or services in connection with the operation of the Franchised Restaurant. Franchisee agrees to cooperate with Franchisor in connection with the conduct of such test marketing programs and agrees to comply with Franchisor's rules and regulations established from time to time in connection herewith.

K. Franchisee acknowledges that the Franchised Restaurant shall at all times maintain an inventory of ingredients, food and beverage products and other products, materials and supplies that shall permit operation of the Franchised Restaurant at maximum capacity.

L. Franchisee shall operate the Franchised Restaurant in strict compliance with all applicable laws, rules and regulations of all governmental authorities, shall comply with all applicable wage, hour, and other laws and regulations of the federal, state or local governments (including any and all licensing requirements), and shall prepare, file and retain all necessary tax returns, and pay promptly all taxes imposed upon Franchisee or upon Franchisee's Franchised Restaurant or property. Franchisee shall timely file all fictitious business name statements and similar submissions required by any law, rule or regulation of any federal, state, or local government in connection with Franchisee's use of Franchisor's Trademarks.

M. Franchisee shall refrain from any merchandising, advertising or promotional practice which is unethical or may be injurious to the business of Franchisor and/or other Franchised Restaurants or to the goodwill associated with the Marks.

N. In the operation of the Franchised Restaurant, Franchisee shall use only displays, trays, napkins, boxes, bags, labels, forms and other paper and plastic products imprinted with the Marks and colors as prescribed from time to time by Franchisor and shall purchase such items only from such third parties licensed by Franchisor to duplicate the Marks on such items.

O. During the term of this Agreement, Franchisee, or a manager acceptable to Franchisor, shall, except as otherwise expressly agreed to by Franchisor in writing, devote his full time and best efforts exclusively to the operation of the Franchised Restaurant. If Franchisee is a corporation, limited liability company or a general or limited partnership, Franchisee shall select a full-time manager acceptable to Franchisor in Franchisor's sole discretion to devote his or her full time and best efforts to the Franchised Restaurant. It is understood and agreed by the parties hereto that the Franchised Restaurant shall be operated such minimum hours and days established by Franchisor from time to time, but in any event during not less than the hours and days during which other restaurants in Franchisee's vicinity are typically open and operating.

P. Franchisee shall not install or maintain on the Premises, any newspaper racks, video games, juke boxes, gaming machines, gum machines, games, rides, vending machines or other similar devices without the written approval of Franchisor.

Q. Franchisee is required to join a franchisee organization which is approved by Franchisor and will be required to pay the required dues to that organization in order to maintain Franchisee's membership.

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

S. In addition to all other payments required pursuant to this Agreement, Franchisee shall pay to Franchisor, or its Related Entities, as applicable, promptly when due:

1. The amount of all sales taxes, use taxes, personal property taxes and similar taxes, if any, imposed upon Franchisee and required to be collected or paid by Franchisor on account of goods or services furnished by Franchisee for sale, lease or otherwise on account of Royalty Fees or Franchise Fees collected by Franchisor from Franchisee;

2. All amounts paid or advanced by Franchisor on behalf of Franchisee, of which Franchisor has become obligated to pay on behalf of Franchisee, for any reason whatsoever; and

3. All sums due on account of the purchase of products or services supplied by Franchisor to Franchisee.

T. Franchisee must install all vending machines, video games, jukeboxes, gum or candy machines, pinball machines, rides or other similar devices ("Vending Machines") as Franchisor may require from time to time, except as prohibited by applicable law. Franchisee is responsible for ensuring that its lease agreement will allow installation of Vending Machines. Franchisee shall not install any Vending Machines without Franchisor's prior written approval, which may be withheld in Franchisor's sole discretion. Franchisee acknowledges and agrees Franchisor shall have the right to require Franchisee to contract with designated vendors or suppliers of Vending Machines, which may include Franchisor and/or its affiliates. In lieu of collecting Royalty and Marketing Fees from the sales of Vending Machines, Franchisor shall have the right to receive seven percent (7%) of the Gross Receipts from Vending Machine sales directly from the vendor on a monthly basis.

XIII. FRANCHISOR'S OPERATIONS ASSISTANCE

A. INTENTIONALLY OMITTED.

B. Upon commencement of operation of the Franchised Restaurant and during the term of this Agreement, Franchisor shall provide to Franchisee the following:

1. A comprehensive list of established sources of equipment, foods, supplies and containers necessary for the operation of the Franchised Restaurant and provide specifications for such products;

2. Coordination of product distribution for local, regional and national suppliers;

3. Regulation of quality standards and products in conformance throughout the network of Franchised Restaurants;

4. Coordination of Advertising Materials and strategies;

5. Negotiation of group rates for purchases of products and materials as Franchisor deems necessary and appropriate; and

6. Ongoing training and support.

C. Franchisor shall furnish Franchisee with such assistance in connection with the operation of the Franchised Restaurant as is reasonably determined to be necessary by Franchisor from time to time. Operations assistance may consist of advice and guidance with respect to:

1. Proper utilization of procedures by the Franchised Restaurant regarding the service and sale of all Menu Items, other food and beverage items and related items and materials as approved by Franchisor;

2. Additional products and services authorized for sale from Franchised Restaurants;

3. Purchase of ingredients and other food and beverage items, materials and supplies;

4. The institution of proper administrative, bookkeeping, accounting, inventory control, supervisory and general operating procedures for the effective operation of the Franchised Restaurant;

5. Advertising and promotional programs; and

6. Ongoing research and development of new procedures and techniques, new products and materials and other enhancements to the System.

D. Franchisor shall have the right from time to time, and without prior notice to Franchisee, to send representatives to the Franchised Restaurant, to inspect Franchisee's operations, business methods, service, management, financial records and administration, and to determine the quality thereof and the faithfulness of Franchisee's compliance with the provisions of this Agreement and the Manual, and Franchisee shall cooperate fully with Franchisor and Franchisor's representatives and agents with respect to such inspections. Franchisee shall permit Franchisor and Franchisor's representatives or agents to copy, examine or audit, physically or by electronic or other methods, with or without notice, the computers, books of accounts, bank statements, check stubs, customer invoices, documents, records, papers, and federal, state and local tax return records ("Financial Records") of Franchisee at any time or times. Upon fifteen (15) days prior notice, Franchisee shall deliver all Financial Records to Franchisor or its representatives at such location as Franchisor may designate. Upon Franchisor's request, Franchisee shall permit Franchisor and Franchisor's agents to temporarily remove such Financial Records to Franchisor's offices for copying, review, and/or audit. Franchisor shall bear the cost of all such inspections, provided that if any such inspection discloses that Franchisee has failed to comply with any provision of this Agreement or the Manual in a manner that would permit Franchisor to terminate this Agreement if uncured, the direct costs of such inspections shall be borne by Franchisee.

E. Franchisor shall also have the right to employ mystery shoppers to dine in and review the Franchised Restaurant. Franchisee will reimburse Franchisor for the cost of engaging the mystery shopper, including, but not limited to handling expenses, and the cost of the meal.

F. All of the specifications, Approved Suppliers Lists, Approved Supplies Lists, training and operations manuals to be provided by Franchisor to Franchisee pursuant to this Agreement shall be delivered upon satisfactory completion of Franchisee's initial training.

XIV. INSURANCE

A. Franchisee shall procure, at its expense, and maintain in full force and effect during the term of this Agreement, an insurance policy or policies protecting Franchisee, Franchisor and their respective officers, directors and employees against any loss, liability, personal injury, death, property damage or expense whatsoever arising or occurring upon or in connection with the Franchised Restaurant, as Franchisor may reasonably require for its own and Franchisee's protection. Franchisor shall be named an additional insured in such policy or policies.

B. Such policy or policies shall be written by an insurance company licensed in the state in which Franchisee operates and having at least an "A" Rating Classification as indicated in Best's Key Rating Guide in accordance with standards and specifications set forth in the Manual or otherwise in writing and shall include, at a minimum (except as different coverages and policy limits may reasonably be specified for all franchisees from time to time by Franchisor in the Manual or otherwise in writing), the following:

1. Special cause of loss of property insurance shall be secured on the Franchised Restaurant and all fixtures, equipment, supplies, products and other property used in the operation of the Franchised Restaurant (which coverage may include flood and/or earthquake coverage where applicable, and theft insurance) for full repair and replacement value without any applicable co-insurance clause, except that an appropriate deductible clause shall be permitted.

2. Workers' compensation and employer's liability insurance, as well as such other insurance as may be required by statute or rule of the state in which the Franchised Restaurant is located and operated.

3. Comprehensive general liability insurance and product liability insurance including a per premises aggregate with the following coverages: broad form contractual liability, personal and advertising injury; and products/completed operation insuring Franchisor and Franchisee against all claims, suits, obligations, liabilities and damages, including attorneys' fees, based upon or arising out of actual or alleged personal injuries or property damage resulting from, or occurring in the course of, or on or about or otherwise relating to the Franchised Restaurant including General Aggregate coverage in the following limits:

Required Coverage	Minimum Limits of Coverage
General Aggregate	$2,000,000.00
Products/Completed Operations Aggregate	$2,000,000.00
Personal and Advertising Injury	$1,000,000.00
Each Occurrence	$1,000,000.00

Excess/Umbrella Insurance $1,000,000.00
Fire Damage (any one fire) $100,000.00
Medical Expense (any one person) $5,000.00
After Medical Expense (any one person).......................................$5,000.00

The amounts required herein may be modified from time to time by Franchisor to reflect inflation or future experience with claims.

4. Business interruption insurance for actual losses sustained.

5. Automobile liability insurance, including owned, hired and non-owned vehicle coverage, with a combined single limit of at least ONE MILLION DOLLARS ($1,000,000.00).

6. Such insurance and types of coverage as may be required by the terms of any lease for the Franchised Restaurant, or as may be required from time to time by Franchisor.

C. The insurance afforded by the policy or policies respecting liability shall not be limited in any way by reason of any insurance which may be maintained by Franchisor. Within ninety (90) days of the signing of this Agreement, but in no event later than the date on which Franchisee acquires an interest in the real property from which it shall operate the Franchised Restaurant, a Certificate of Insurance showing compliance with the foregoing requirements shall be furnished by Franchisee to Franchisor for approval. Such certificate shall state that said policy or policies shall not be canceled or amended without at least thirty (30) days prior written notice to Franchisee and Franchisor. Franchisee shall give written notice to Franchisor that payment has been made on all applicable policies. Maintenance of such insurance and the performance by Franchisee of the obligations under this Paragraph XIV. shall not relieve Franchisee of liability under the indemnity provision set forth in this Agreement. Minimum limits as required above may be modified from time to time, as conditions require, by written notice to Franchisee.

D. Should Franchisee for any reason not procure and maintain such insurance coverage as required by this Agreement, Franchisor shall have the right and authority (without, however, any obligation to do so) to immediately procure such insurance coverage and to charge same to Franchisee, which charges, together with a reasonable fee for expenses incurred by Franchisor in connection with such procurement, shall be payable by Franchisee immediately upon notice.

XV. **COVENANTS**

A. Unless otherwise specified, the term "Franchisee" as used in this Paragraph XV. shall include, collectively and individually, all officers, directors and holders of a beneficial interest, at any time during the term of this Agreement, of five percent (5%) or more of the securities of Franchisee and of any corporation directly or indirectly controlling Franchisee, if Franchisee is a corporation; the general partners and any limited partner (including any corporation and the officers, directors, and holders of a beneficial interest of five percent [5%] or more of the securities of a corporation which controls, directly or indirectly, any general or limited partner), if Franchisee is a partnership; and any member, manager or governor owning five percent (5%) or more of the membership interests if Franchisee is a limited liability company.

B. Franchisee covenants that during the term of this Agreement, except as otherwise approved in writing by Franchisor, Franchisee (if Franchisee is an individual), a shareholder of a beneficial interest of fifty-one percent (51%) or more of the securities of Franchisee (if Franchisee is a corporation), a manager, member or governor owning fifty-one percent (51%) or more of the membership interests of Franchisee (if Franchisee is a limited liability company), a general partner of Franchisee (if Franchisee is a partnership) or Franchisee's manager shall devote full-time energy and best efforts to the management and operation of the Franchised Restaurant.

C. If Franchisee is a corporation, limited liability company, or partnership, each of Franchisee's shareholders, members or partners shall, by executing this Agreement, be jointly and severally liable for the performance by Franchisee of all of Franchisee's obligations hereunder. In addition, Franchisee, if a corporation, shall cause all of Franchisee's shareholders, upon Franchisor's request, to execute Franchisor's standard form of Guaranty, undertaking to personally be bound, jointly and severally, by all provisions of this Agreement and any ancillary agreements between Franchisor and Franchisee. Franchisee and its shareholders agree to sign and deliver to Franchisor revised versions of Exhibit C attached hereto to reflect any changes in the information that Exhibit C contains.

D. During the term hereof, neither Franchisee, Franchisee's spouse, nor any officer, director, shareholder, member or general partner of a corporate, limited liability company, or partnership franchisee, shall either directly or indirectly, own, operate, advise, be employed by, or have any interest in any business that features the sale of steak and/or features a food bar, within twenty-five (25) miles from the location, any Franchised Restaurant or any other Western Sizzlin restaurant, during the term of this Agreement, unless Franchisor shall consent thereto in writing.

E. During the one (1) year period after the expiration or termination hereof, for any reason, neither Franchisee, nor any officer, director, shareholder, member or general partner of a corporate, limited liability company, or partnership franchisee, shall, either directly or indirectly, own, operate, advise, be employed by, or have any interest in any business that features the sale of steak and/or features a food bar, within twenty-five (25) miles from the location of any then existing Franchised Restaurant or any other Western Sizzlin restaurant, without Franchisor's prior written consent. In applying for such consent, Franchisee will have the burden of establishing that any such activity will not involve the use of benefits provided under this Agreement or constitute unfair competition with Franchisor or franchisees.

F. During the one (1) year period or period allowed by existing state statute, whichever is longer, after the expiration or termination hereof, for any reason, neither Franchisee, nor any officer, director, shareholder, member or general partner of a corporate, limited liability company, or partnership franchisee, shall be allowed to do any of the following:

1. Either directly or indirectly, own, operate, advise, be employed by, or have any interest in any business that features the sale of steak and/or features a food bar, within the territory as identified in Exhibit A of this Franchise Agreement.

2. Either sell, lease or sublease the restaurant or location identified in this Agreement to any business that features the sale of steak and/or features a food bar.

G. Franchisee shall not divulge to any person, partnership, corporation, limited liability company, or any other entity, any information, Trade Secrets, ingredients, recipes, cooking techniques and processes used in the Proprietary Products, Menu Items and other food and beverage products used in the System or any information stated in the Manual.

H. Each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Paragraph XV. is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which Franchisor is a party, Franchisee shall be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Paragraph XV.

I. Franchisee understands and acknowledges that Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Paragraph, or any portion thereof, without Franchisee's consent, effective immediately upon receipt by Franchisee of written notice thereof, and Franchisee shall comply forthwith with any covenant as so modified, which shall be fully enforceable notwithstanding the provisions of Paragraph XXVII. hereof.

J. Franchisor shall have the right to require all of Franchisee's officers, directors, shareholders, general partners, members, limited partners, personnel performing managerial or supervisory functions and all personnel receiving training from Franchisor, to execute similar covenants in a form satisfactory to Franchisor.

XVI. DEFAULT AND TERMINATION

A. Franchisor may terminate this Agreement only upon fifteen (15) days prior written notice to Franchisee setting forth the complaint of material breach for the following breaches: (i) Franchisee's failure to pay any of the sums due Franchisor, A.D.R.F., or a recognized franchisee association hereunder; or (ii) Franchisee's failure to comply with mandatory specifications in the Franchise Agreement except those non-curable defaults set forth in Section XVI.B. below. Said notice period, as well as all other notices herein, shall be deemed to be inclusive of any longer notice periods required by law. If Franchisee shall cure said breach, prior to the end of such period, Franchisee's right to terminate this Agreement shall cease with respect to that particular event of default. If, because of the nature of said breach, Franchisee shall be unable to cure the same within said fifteen (15) day period, Franchisee shall be given such additional time as shall be reasonably necessary within which to cure said breach, upon the condition that Franchisee shall, upon receipt of such notice from Franchisor, immediately commence to cure such breach and continue to use Franchisee's best efforts to do so. The description of any default in any notice served by Franchisor hereunder shall in no way preclude

Franchisor from specifying additional or supplemental defaults in any action, arbitration, hearing or suit relating to this Agreement or the termination thereof.

B. Franchisor shall have the right to terminate this Agreement without prior notice to Franchisee upon the occurrence of any or all of the following events, each of which shall be deemed an incurable breach of this Agreement:

1. "Abandonment" –

a. Franchisee's failure, at any time during the term of this Agreement, to keep the Franchised Restaurant open and operating for business for a period of five (5) consecutive days, except as provided in the Manual;

b. Franchisee's failure to keep the Franchised Restaurant open and operating for any period after which it is not unreasonable under the facts and circumstances for Franchisor to conclude that Franchisee does not intend to continue to operate the franchise, unless such failure to operate is due to fire, flood, earthquake, or other similar causes beyond Franchisee's control; or

c. Franchisee's failure to actively and continuously maintain and answer Franchisee's telephone.

2. "Bankruptcy and Insolvency" –

a. Franchisee is adjudicated bankrupt or judicially determined to be insolvent (subject to any contrary provisions of any applicable state or federal laws); admits its inability to meet its financial obligations as they become due; or makes a disposition for the benefit of its creditors;

b. Franchisee allows a judgment against it in the amount of more than ONE THOUSAND DOLLARS ($1,000.00) to remain unsatisfied for a period of more than thirty (30) days;

c. The Franchised Restaurant is seized, taken over or foreclosed by a government official in the exercise of his duties; or seized, taken over, or foreclosed by a creditor or lienholder provided that a final judgment against Franchisee remains unsatisfied for thirty (30) days (unless a supersedeas or other appeal bond has been filed or execution is otherwise stayed);

d. A levy of execution of attachment has been made upon the license granted by this Agreement or upon any property used in the Franchised Restaurant, and such levy is not discharged or execution thereof is stayed by the filing of a bond or otherwise stayed except by way of bankruptcy within five (5) days of such levy or attachment;

e. Franchisee permits any mechanics lien to attach to the Franchised Restaurant or to any equipment which is not discharged or bonded against within fifteen (15) days from the filing thereof; or

f. Franchisee allows or permits any judgment to be entered against Franchisor or its Related Entities, arising out of or relating to the operation of Franchisee's Franchised Restaurant and if any such judgment is entered by a court and remains unsatisfied for thirty (30) days unless a supersedeas or other appeal bond is filed or execution is otherwise stayed except by way of bankruptcy.

3. "Criminal Acts" –

a. Franchisee is convicted of any felony, or any criminal misconduct relevant to the operation of the Franchised Restaurant; or

b. Franchisee is convicted of or pleads no contest to a felony or other crime or offense that is likely to adversely affect its reputation or the reputation of the Franchised Restaurant.

4. "Knowing Underreporting" – An audit or investigation conducted by Franchisor discloses that Franchisee has knowingly understated its Gross Sales by more than two percent (2%) or withheld the reporting of same as herein provided, and Franchisee is unable to demonstrate that such understatements resulted from inadvertent error.

5. "Repeated Defaults" – Franchisee defaults in any material obligation as to which it has previously received a notice of default from Franchisor within the preceding twelve (12) months.

6. "Misrepresentation" – Franchisee makes any material misrepresentations relating to the acquisition of the Franchised Restaurant or engages in conduct which reflects materially and unfavorably upon the operation and reputation of the Franchised Restaurant or System.

7. "Violation of Law" – Franchisee fails, for a period of ten (10) days after having received notification of noncompliance from Franchisor or any governmental or quasi governmental agency or authority, to comply with any federal, state or local law or regulation applicable to the operation of the Franchised Restaurant.

8. "Training" - Franchisee fails to satisfactorily complete the training program as provided in Paragraph IV. of this Agreement.

9. "Unauthorized Use of Operations Manual" - Franchisee makes any unauthorized use, disclosure or duplication of any portion of the Manual or duplicates or discloses or makes any unauthorized use of any trade secret or confidential information provided to Franchisee by Franchisor.

10. "Unauthorized Transfer" - Franchisee surrenders or transfers control of the operation of the Franchised Restaurant, makes an unauthorized direct or indirect assignment of the franchise or an ownership interest in it or fails or refuses to assign the franchise or the interest in Franchisee of a deceased or disabled controlling owner thereof as herein required.

11. "Unauthorized Use of the Trademarks" - Franchisee materially misuses or makes an unauthorized use of any of the Trademarks or commits any other act which can reasonably be expected to materially impair the goodwill associated with any of the Trademarks.

12. "Late Reporting and Payments" - Franchisee fails on two (2) or more separate occasions within any period of twelve (12) consecutive months to submit when due reports or other information or supporting records, to pay when due the Royalty Fee, advertising contributions, amounts due for purchases from Franchisor or other payments due to Franchisor, or otherwise fails to comply with this Agreement, whether or not such failures to comply are corrected after notice thereof is delivered to Franchisee.

13. "Default Under Other Agreements" - Any default by Franchisee of Franchisee's obligations under any other agreement between Franchisor and Franchisee shall be deemed to also constitute a breach of this Agreement.

C. Any default by Franchisee under the terms and conditions of this Agreement or any other agreement between Franchisor or A.D.R.F. and Franchisee, which is so material as to permit Franchisor to terminate this Agreement or said other agreement, or a default by Franchisee of Franchisee's obligations to A.D.R.F. or any Advertising Cooperative of which Franchisee is a member, and which is not cured within any applicable cure period shall be deemed to be a default of each and every said agreement. Furthermore, in the event of termination, for any cause, of this Agreement or any other agreement between the parties hereto, Franchisor may, at its option, terminate any or all said agreements.

D. If Franchisee elects to terminate the Franchise Agreement under this Paragraph, Franchisee must, within ten (10) days of such termination, cease all use of Franchisor's trademarks, service marks, methods of operation, trade secrets, confidential business information, Advertising Materials and objects displaying Franchisor's Marks.

E. Notwithstanding anything to the contrary contained in this Paragraph XVI., in the event any valid, applicable law or regulation of a competent governmental authority having jurisdiction over this Agreement and the parties hereto shall limit Franchisor's rights of termination hereunder or shall require longer notice periods than those set forth above, this Agreement shall be deemed amended to conform to the minimum notice periods or restrictions upon termination required by such laws and regulations. Franchisor shall not, however, be precluded from contesting the validity, enforceability or application of such laws or regulations in any action, arbitration, hearing or dispute relating to this Agreement or the termination thereof.

F. In addition to Franchisor's right to terminate this Agreement and not in lieu of such right or any other rights against Franchisee, Franchisor, in the event that Franchisee shall not have cured a default under this Agreement within the twenty (20) business days after receipt of a written notice to cure from Franchisor, may, at its option, enter upon the Premises and exercise complete authority with respect to the operation of the Franchised Restaurant until such time as Franchisor determines that the default of Franchisee has been cured and that there is compliance with the requirements of this Agreement. Franchisee specifically acknowledges that a designated representative of Franchisor may take over, control and operate the Franchised Restaurant, and that Franchisee shall pay Franchisor the then-current service fee, as published in the Manual, plus all travel expenses, room and board and other expenses reasonably incurred by such representative, so long as it shall be required by the representative to enforce compliance herewith. Franchisee further acknowledges that if, as herein provided, Franchisor temporarily operates for Franchisee the Franchised Restaurant, Franchisee shall indemnify and hold harmless Franchisor and any representative of Franchisor who may act hereunder, respecting any and all acts and omissions which Franchisor may perform, or fail to perform as regards the interests of Franchisee or third parties. Notwithstanding anything contained in this Paragraph XVI.F, to the contrary, this Paragraph XVI.F shall not apply in the event that Franchisee or its affiliates own the Premises upon which the Franchised Restaurant is located.

G. If Franchisee fails to operate according to standards outlined herein and forces Franchisor to disenfranchise Franchisee for failing to operate according to those standards already outlined or for nonpayment, then the terms outlined in Paragraph XVI.D. shall apply.

XVII. RIGHTS AND DUTIES OF PARTIES UPON EXPIRATION OR TERMINATION

Upon termination or expiration, this Agreement and all rights granted hereunder to Franchisee shall forthwith terminate, and:

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

B. Upon demand by Franchisor, Franchisee shall assign to Franchisor Franchisee's interest in any lease then in effect for the Premises, and Franchisee shall furnish Franchisor with evidence satisfactory to Franchisor of compliance with this obligation within thirty (30) days after termination or expiration of this Agreement. Notwithstanding anything contained in this Paragraph XVII.B, to the contrary, this Paragraph XVII.B shall not apply in the event that Franchisee or its affiliates own the Premises upon which the Franchised Restaurant is located.

C. Franchisee shall immediately and permanently cease to use, by advertising or in any manner whatsoever, any confidential methods, procedures and techniques associated with the System, the Marks, any distinctive forms, slogans, signs, symbols, logos, uniforms, or devices associated with the System. In particular, Franchisee shall cease to use, without limitation, all signs, Advertising Materials, stationery, forms and any other articles which display the Marks associated with the System. Franchisor may execute in Franchisee's name and on Franchisee's behalf any and all documents necessary in Franchisor's judgment to end and cause the discontinuance of Franchisee's use of the Marks and Franchisor is hereby irrevocably appointed and designated as Franchisee's attorney in fact so to do.

D. Franchisee shall take such action as may be necessary to cancel or assign to Franchisor or Franchisor's designee, at Franchisor's option, any assumed name rights or equivalent registration filed with state, city, or county authorities which contains the name of any Franchisor Concept or any Mark. Franchisee shall furnish Franchisor with evidence satisfactory to Franchisor of compliance with this obligation within thirty (30) days after termination or expiration of this Agreement.

E. Franchisee shall, in the event it continues to operate or subsequently begins to operate any other business, not use any reproduction, counterfeit, copy or colorable imitation of the Marks, either in connection with such other business or the promotion thereof, which is likely to cause confusion, mistake or deception, or which is likely to dilute Franchisor's exclusive rights in and to the Marks and shall not utilize any designation of origin or description or representation which falsely suggests or represents an association or connection with Franchisor so as to constitute unfair competition. Franchisee shall make such modifications or alterations to the Premises (including, without limitation, the changing of the telephone and facsimile numbers) immediately upon termination or expiration of this Agreement, as may be necessary to prevent any association between Franchisor or the System and any business thereon subsequently operated by Franchisee or others, and shall make such specific additional changes thereto as Franchisor may reasonably request for that purpose including, without limitation, removal of all distinctive physical and structural features identifying the System. In the event Franchisee fails or refuses to comply with the requirements of this Paragraph XVII., Franchisor shall have the right to enter upon the Premises, without being guilty of trespass or any other tort, for the purpose of making or causing to be made such changes as may be required at the expense of Franchisee, which expense Franchisee shall pay upon demand.

F. Franchisee shall promptly pay all sums owing to Franchisor. In the event of termination for any default of Franchisee, such sums shall include all damages, costs and expenses, including reasonable attorneys' fees, incurred by Franchisor as a result of the default.

G. Franchisee shall pay to Franchisor all damages, costs and expenses, including reasonable attorneys' fees, incurred by Franchisor subsequent to the termination or expiration of the franchise herein granted in obtaining injunctive or other relief for the enforcement of any provisions of this Paragraph XVII. or Paragraph XIV.

H. Franchisee shall immediately turn over to Franchisor all manuals, including the Manual, customer lists, records, files, instructions, brochures, agreements and any and all other materials provided by Franchisor to Franchisee relating to the operation of the Franchised Restaurant (all of which are acknowledged to be Franchisor's property). Under no circumstances shall Franchisee retain any copies of the Manual upon expiration or termination of this Agreement.

I. Franchisor shall have the right, title and interest to any sign or sign faces bearing the Marks. Franchisee hereby acknowledges Franchisor's right to access the Premises should Franchisor elect to take possession of any said sign or sign faces bearing the Marks.

J. Franchisee hereby acknowledges that all telephone and facsimile numbers and Internet and e-mail addresses used in the operation of the Franchised Restaurant constitute assets of the Franchised Restaurant; and upon termination or expiration of this Agreement, Franchisee shall assign to Franchisor or its designee, all Franchisee's right, title and interest in and to Franchisee's telephone numbers and facsimile numbers and Internet and e-mail addresses and shall notify the telephone company and all listing agencies of the termination or expiration of

Franchisee's right to use any telephone and facsimile numbers and Internet and e-mail addresses and any regular, classified or other telephone directory listing associated with the Marks and to authorize a transfer of same to or at the direction of Franchisor.

K. Franchisor shall have the right, but not the obligation, to be exercised by notice of intent to do so within thirty (30) days after termination or expiration, to purchase for cash, except as provided in Paragraph XVII.I., any or all assets of the Franchised Restaurant including leasehold improvements, equipment, supplies and other inventory, Advertising Materials and all items bearing the Marks at fair market value. If the parties cannot agree upon the fair market value of the assets, each party shall appoint an independent appraiser, and the two (2) independent appraisers shall appoint a third independent appraiser. The determination of the majority of the three (3) independent appraisers shall be binding. If Franchisor elects to exercise any option to purchase as herein provided, it shall have the right to set off all amounts due from Franchisee under this Agreement, if any, against any payment therefor.

L. Franchisee shall comply with the covenants contained in Paragraph XV. of this Agreement.

M. The expiration or termination of this Agreement shall be without prejudice to the rights of Franchisor against Franchisee and such expiration or termination shall not relieve Franchisee of any of Franchisee's obligations to Franchisor existing at the time of expiration or termination. Nor shall such expiration or termination terminate those obligations of Franchisee which, by their nature, survive the expiration or termination of this Agreement. It is expressly understood and agreed that the promises and agreements to Franchisee contained in this Agreement, are also for the benefit of Franchisor's Related Entities, and any of them may, in their own names, exercise all rights and remedies necessary or desirable to protect or enforce their respective interest, including, without limitation, obtaining injunctive relief to enforce the obligations of Franchisee set forth in this Agreement.

XVIII. TRANSFERABILITY OF INTEREST

A. Franchisor shall have the right to assign this Agreement and all of its rights and privileges hereunder, to any person, firm, corporation, limited liability company, or other entity provided that, with respect to any assignment resulting in the subsequent performance by the assignee of the functions of Franchisor: (i) the assignee shall, at the time of such assignment, be financially responsible and economically capable of performing the obligations of Franchisor hereunder; and (ii) the assignee shall expressly assume and agree to perform such obligations.

1. Specifically, and without limitation to the foregoing, Franchisee expressly affirms and agrees that Franchisor may sell or pool its assets or stock, the Marks or its System outright to a third party; may go public; may engage in a private placement of some or all of its securities; may merge, acquire other corporations or entities or be acquired by another corporation or entity; may undertake a refinancing, recapitalization, leveraged buy out or other economic or financial restructuring; and, with regard to any or all of the above sales, assignments and dispositions, Franchisee expressly and specifically waives any claims, demands or damages arising from or related to the loss of said Marks

(or any variation thereof) and/or the loss of association with or identification of any of Franchisor's Concepts as Franchisor hereunder.

2. Nothing contained in this Agreement shall require Franchisor to remain in the designated business, "Western Sizzlin Steak & More", to franchise or to offer products manufactured by it or any related company, whether or not bearing the Marks, in the event that Franchisor exercises its rights hereunder to assign its rights in this Agreement.

B. This Agreement has been entered into by Franchisor in reliance upon and in consideration of the singular personal skill, qualifications and trust and confidence placed in Franchisee, or, in the case of a corporate, limited liability company, or general partnership franchisee, the principal officers, members or partners thereof who will actively and substantially participate in the ownership and operation of the Franchised Restaurant. Therefore, neither Franchisee's interest in this Agreement nor any of Franchisee's rights or privileges shall be assigned, transferred, shared or divided, voluntarily or involuntarily, by operation of law or otherwise, in any manner, without the prior written consent of Franchisor, provided that such consent shall not be unreasonably withheld or delayed, and subject to Franchisor's right of first refusal as set forth in Paragraph XX. of this Agreement.

C. Should Franchisor not elect to exercise its right of first refusal, or should such right of first refusal be inapplicable, Franchisor may impose any reasonable condition(s) to the granting of its consent. Without limiting the generality of the foregoing, the imposition of any or all of the following conditions to Franchisor's consent to any assignment shall be deemed to be reasonable:

1. That the assignee (or the principal officers, shareholders, directors, members or general partners of the assignee in the case of a corporate or partnership assignee) demonstrate that it has the skills, qualifications and economic resources necessary, in Franchisor's judgment, reasonably exercised, to own and operate the Franchised Restaurant contemplated by this Agreement, and by all other agreements between Franchisor and such assignee, and all agreements proposed to be assigned to such assignee;

2. That the assignee expressly assumes in writing for the benefit of Franchisor all of the obligations of Franchisee under this Agreement;

3. That the assignee shall have completed Franchisor's training program to Franchisor's satisfaction, exercised in good faith and paid Franchisor's standard training fee then in effect;

4. That as of the date of any such assignment, the assignor shall have fully complied with all of its obligations to Franchisor, whether under this Agreement or any other agreement, arrangement or understanding with Franchisor;

5. That unless Franchisor agrees otherwise in writing, the assignee shall execute Franchisor's then current franchise agreement;

6. That the lessor, if any, of the location shall have consented to the assignment of the location lease;

7. That the assignee shall have delivered to Franchisor a letter from an independent certified public accountant unaffiliated with it acknowledging, among other things, that such accountant has reviewed the terms of the proposed assignment, transfer or sale with the prospective assignee;

8. That the assignee expressly agree in writing to comply with the non competition covenants set forth in Paragraph XV. hereof and with all other post termination obligations contained herein; and

9. That the assignee shall pay to Franchisor a transfer fee equal to FIVE THOUSAND DOLLARS ($5,000.00) for an existing Franchisee or TEN THOUSAND DOLLARS ($10,000.00) for a new Franchisee for a Franchised Restaurant which is a reasonable amount to cover Franchisor's expenses relating to said assignment. A training fee of TEN THOUSAND DOLLARS ($10,000.00) will be required provided, however, that Franchisor may waive such training fee if the assignment is to an existing Franchisee. Both the transfer fee and the training fee are subject to change as outlined in the Manual.

D. Notwithstanding anything herein to the contrary, in the event of the death or legal incapacity of Franchisee or, in the case of a corporate franchisee, a stockholder owning fifty percent (50%) or more of Franchisee's capital stock or voting power, or in the case of a general partnership, a partner owning fifty percent (50%) or more of the general partnership interest, or in the case of a limited liability company, a member owning fifty percent (50%) or more of the membership interest, the transfer of such stockholder's, member's or partner's interest in this Agreement to its personal representatives or conservators, as applicable, shall not require Franchisor's consent so long as the personal representative or conservator merely possesses the interest pending administration of the estate. Any transfer or distribution to any other party including heirs, devisees and beneficiaries would not give rise to Franchisor's right of first refusal, but would require Franchisor's consent to transfer, provided that such consent shall not be unreasonably withheld or delayed, and transfer fees and training fees would be due and payable.

E. If Franchisee is a corporation or limited liability company, the issuance of any securities by Franchisee, the transfer of fifty percent (50%) or more in the aggregate of the capital stock, membership interests or voting power of Franchisee, by operation of law or otherwise, or any merger, stock redemption, consolidation, reorganization or recapitalization involving Franchisee, shall be deemed to be an assignment of this Agreement within the meaning of this Paragraph XVIII. If Franchisee is a general partnership, the withdrawal of any general partner, admission of any additional general partner, or the transfer of any general partner's interest in the property, management or profits and/or losses of the partnership which results in a change in ownership of fifty percent (50%) or more of the partner's interest in the Franchised Restaurant shall be deemed to be an assignment hereunder.

F. Franchisee shall not in any event have the right to pledge, encumber, hypothecate or otherwise give any third party a security interest in this Agreement or in any trademarks, service marks, or general intangibles in any manner whatsoever without Franchisor's express prior written permission, which permission may be withheld for any reason whatsoever in Franchisor's sole subjective judgment.

G. Franchisor shall have the right, but not the obligation, to furnish any prospective assignee with copies of all financial statements which have been furnished by Franchisee to Franchisor in accordance with this Agreement during the three (3) year period prior to the date of the approval of the proposed assignment, transfer or sale is sought. Franchisor shall also have the right to advise any prospective assignee of any uncured breaches or defaults by assignor under this Agreement, or any other agreement relating to the Franchised Restaurant proposed to be assigned, transferred, or sold. Franchisor's approval of such proposed transaction shall not, however, be deemed a representation or guarantee by Franchisor that the terms and conditions of the proposed transaction are economically sound or that, if the transaction is consummated, the assignee will be capable of successfully conducting the Franchised Restaurant and no inference to such effect shall be made from such approval.

H. Franchisee must promptly ("promptly" herein defined as within fifteen [15] days of receipt of an offer to buy) give Franchisor written notice whenever Franchisee has received an offer to buy Franchisee's franchise. Franchisee must also give Franchisor written notice simultaneously with any offer to sell the franchise made by, for or on behalf of Franchisee. The purpose of this Paragraph XVIII. is to enable Franchisor to comply with any applicable state or federal franchise disclosure laws or rules and to ensure that Franchisor has had an opportunity to approve the transfer. Franchisee shall indemnify and hold harmless Franchisor for Franchisee's failure to comply with this Paragraph XVIII.

I. Franchisee shall not, without prior written consent of Franchisor, place in, on or upon the location of the Franchised Restaurant or in any communication media, any form of advertising relating to the sale of the Franchised Restaurant or the rights granted hereunder.

XIX. DEATH OR INCAPACITY OF FRANCHISEE

A. In the event of the death or incapacity of an individual franchisee, any partner of a Franchisee which is a partnership, any member of a limited liability company owning fifty-one percent (51%) or more of the membership interests of a franchisee which is a limited liability company or any shareholder owning fifty-one percent (51%) or more of the capital stock of a franchisee which is a corporation, the heirs, beneficiaries, devisee, or legal representatives of said individual, partner, member or shareholder shall, within sixty (60) days of such event:

1. Apply to Franchisor for the right to continue to operate the franchise for the duration of the term of this Agreement and any renewals hereof, which right shall be granted upon the fulfillment of all of the conditions set forth in Paragraph XVIII.C. of this Agreement (except that no transfer fee shall be required); or

2. Sell, assign, transfer, or convey Franchisee's interest in compliance with the provisions of Paragraph XVIII. of this Agreement; provided, however, in the event a

proper and timely application for the right to continue to operate has been made and rejected, the sixty (60) days to sell, assign, transfer or convey shall be computed from the date of application. For purposes of this Paragraph XIX., Franchisor's silence on an application made through the sixty (60) days following the event of death or incapacity shall be deemed a rejection made on the last day of such period.

B. In the event of the death or incapacity of an individual Franchisee, or any partner, shareholder or member of a Franchisee which is a partnership, corporation or limited liability company, where the aforesaid provisions of Paragraph XVIII. have not been fulfilled within the time provided, all rights licensed to Franchisee under this Agreement shall, at the option of Franchisor, terminate forthwith and automatically revert to Franchisor.

C. For purposes of this Agreement, "incapacity" shall be defined as the inability of Franchisee to operate or oversee the operation of the Franchised Restaurant on a regular basis by reason of any continuing physical, mental or emotional incapacity, chemical dependency or other limitation. Any dispute as to the existence of an incapacity as defined herein shall be resolved by majority decision of three (3) licensed medical physicians practicing in the Metropolitan Statistical Area in which the Franchised Restaurant is located, with each party selecting one (1) physician, and the two (2) physicians so designated selecting the third physician. The determination of the majority of the three (3) physicians shall be binding upon the parties and all costs of making said determination shall be borne by the party against whom it is made.

XX. RIGHT OF FIRST REFUSAL

Except as expressly provided in Paragraphs XVIII. and XIX. to the contrary, any assignment of this Agreement or the franchise location, or any interest herein, shall be subject to Franchisor's right of first refusal with respect thereto. Franchisor's said right of first refusal shall be exercised in the following manner:

A. Franchisee shall deliver to Franchisor a complete copy of a fully executed Agreement, together with all exhibits thereto, and setting forth all of the terms and conditions of the proposed assignment. Additionally, Franchisee shall deliver to Franchisor all available information concerning the proposed assignee, including but not limited to, information concerning the employment history, financial condition, credit history, skill and qualifications of the proposed assignee and, in the case of a partnership or corporate assignee, of its partners and shareholders as applicable.

B. Within thirty (30) days after Franchisor's receipt of such notice (or if Franchisor shall request additional information, within twenty (20) days after receipt of such additional information), Franchisor may either consent or withhold its consent to such assignment, or, at Franchisor's option, accept the assignment to Franchisor or Franchisor's nominees upon the terms and conditions specified in the notice. Franchisor may substitute an equivalent sum of cash for any consideration other than cash specified in said notice.

C. If Franchisor shall elect not to exercise its right of first refusal and shall consent to such assignment, Franchisee may, subject to the provisions of Article XVIII., assign this Agreement to such proposed assignee on the terms and conditions specified in said notice. If, however, Franchisor elects not to exercise its right of first refusal and the terms shall be materially changed, or if more than ninety (90) days shall pass without such assignment occurring, such changed terms or lapse of time shall be deemed a new proposal and Franchisor shall again have such right of first refusal with respect thereto.

XXI. OPERATION IN THE EVENT OF ABSENCE, INCAPACITY OR DEATH

In order to prevent any interruption of the Franchised Restaurant which would cause harm to the Franchised Restaurant and thereby depreciate the value thereof, Franchisee authorizes Franchisor to operate the Franchised Restaurant for a period of ninety (90) days, and without waiver of any other rights or remedies Franchisor may have under this Agreement, in the event that Franchisee is absent or incapacitated by reason of illness or death and is not, in the sole judgment of Franchisor, able to operate the Franchised Restaurant; provided, however, that Franchisor shall not be obligated to so operate the franchise. Franchisor may renew the periods permitted in the foregoing sentence for three (3) additional ninety (90) day periods in the event that Franchisee's absence or incapacity continues. Franchisor shall discuss the situation with Franchisee, Franchisee's guardian or Franchisee's heirs, as the case may be, on a quarterly basis. All monies from the operation of the business during such period of operation by Franchisor shall be kept in a separate account and the expenses of the Franchised Restaurant, including reasonable compensation and expenses for Franchisor's representative, shall be charged to said account. Franchisee shall indemnify and hold harmless Franchisor and any representative of Franchisor who may act hereunder, from any and all claims arising from the operation of the Franchised Restaurant including, without limitation, the acts and omissions of Franchisor and its representative if, as herein provided, Franchisor temporarily operates the Franchised Restaurant for Franchisee.

XXII. INDEPENDENT CONTRACTOR AND INDEMNIFICATION

A. This Agreement does not constitute Franchisee as an agent, legal representative, joint venturer, partner, employee or servant of Franchisor for any purpose whatsoever. Franchisee may not represent to third parties that it is an agent of Franchisor and it is understood between the parties hereto that Franchisee shall be an independent contractor and is in no way authorized to make any contract, agreement, warranty or representation on behalf of Franchisor, or to create any obligation, express or implied, on behalf of Franchisor.

B. Franchisee shall prominently display, by posting a sign within public view, on or in the Premises, a statement that clearly indicates that the Franchised Restaurant is independently owned and operated by Franchisee as a Franchised Restaurant of Franchisor and not as an agent thereof.

C. Franchisee shall defend, at its own cost, and indemnify and hold harmless Franchisor, its shareholders, directors, officers, employees and agents, from and against any and all loss, costs, expenses (including attorneys' fees), damages and liabilities, however caused, resulting directly or indirectly from or pertaining to the use, condition or construction, equipping, decorating, maintenance or operation of the Franchised Restaurant including the sale of any food products, service or merchandise sold from the Franchised Restaurant. Such loss, claims, costs, expenses, damages and liabilities shall include, without limitation, those arising from latent or other defects in the Franchised Restaurant, whether or not discoverable by Franchisor, and those arising from the death or injury to any person or arising from damage to the property of Franchisee or Franchisor, their agents or employees, or any third person, firm or corporation, whether or not such losses, claims, costs, expenses, damages or liabilities were actually or allegedly caused wholly or in part through the active or passive negligence of Franchisor or any of its agents or employees, or resulted from any strict liability imposed on Franchisor or any of its agents or employees.

XXIII. NON-WAIVER

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

XXIV. NOTICES

Any and all notices required or permitted under this Agreement shall be in writing and shall be personally delivered, delivered by messenger or delivery services, mailed by certified mail return receipt requested, or facsimile transmission, and shall be effective when received or confirmation of receipt is acknowledged to the respective parties at the following addresses unless and until a different address has been designated by written notice to the other party:

Notices to Franchisor: CORPORATION	WESTERN SIZZLIN FRANCHISE 89 Summers Way, Suite 103 Roanoke, VA 24019 Facsimile No.: (540) 345-0831
Courtesy Copy to:	______________________________ ______________________________ ______________________________ ______________________________ Facsimile No.:___________________

Notices to Franchisee: ______________________________
____
____
____
Facsimile No.:__________________

Courtesy Copy to: ______________________________
____
____
____
Facsimile No.:__________________

Any notice by certified mail shall be deemed to have been given at the date and time of mailing.

Any party may change its address by giving ten (10) days prior written notice of such change to all other parties.

XXV. COST OF ENFORCEMENT OR DEFENSE

If a claim for amounts owed by Franchisee to Franchisor is asserted in any legal proceeding before a court of competent jurisdiction, or if Franchisor is required to enforce this Agreement in a judicial proceeding, Franchisor shall be entitled to reimbursement of its costs, including reasonable accounting and legal fees, in connection with such proceeding.

XXVI. APPROVALS

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

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

XXVII. ENTIRE AGREEMENT

This Agreement constitutes the entire, full and complete agreement between Franchisor and Franchisee concerning the subject matter hereof, and supersedes all prior agreements. There are no other oral or written understandings or agreements between the parties relating to the subject matter of this Agreement. Notwithstanding the foregoing, nothing in this Agreement shall disclaim or require Franchisee to waive reliance on any representation that Franchisor made in the most recent disclosure document (including its exhibits and amendments) that Franchisor delivered to Franchisee or its representative. No amendment, change or variance from this Agreement shall be binding on either party unless mutually agreed to by the parties and executed by themselves or their authorized officers or agents in writing.

XXVIII. **SEVERABILITY AND CONSTRUCTION**

A. Each Paragraph, part, term and/or provision of this Agreement shall be considered severable and if, for any reason, any Paragraph, part, term and/or provision herein is determined to be invalid and contrary to or in conflict with any existing or future law or regulation, such shall not impair the operation of or affect the remaining portions, sections, parts, terms and/or provisions of this Agreement, and the latter shall continue to be given full force and effect and bind the parties hereto; and said invalid sections, parts, terms and/or provisions shall be deemed not part of this Agreement.

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

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

D. All captions herein are intended solely for the convenience of the parties, and none shall be deemed to affect the meaning or construction of any provision hereof. The singular usage includes the plural, where appropriate in the context, and the masculine and neuter usages include the other and the feminine.

E. This Agreement may be executed in multiple copies, and each copy so executed shall be deemed an original.

F. The recitals set forth in this Agreement are specifically incorporated into the terms of this Agreement and hereby constitute a part thereof.

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

H. This Agreement shall be binding upon and inure to the benefit of Franchisor's successors and assigns and shall be binding upon and inure to the benefit of Franchisee and Franchisee's heirs, executors, administrators, successors and assigns, subject to the restrictions on assignment contained herein.

I. If Franchisee consists of more than one person or entity, or a combination thereof, the obligations and liabilities of each such person or entity to Franchisor are joint and several.

XXIX. APPLICABLE LAW

A. THIS AGREEMENT TAKES EFFECT UPON ITS ACCEPTANCE AND EXECUTION BY FRANCHISOR IN VIRGINIA AND SHALL BE INTERPRETED AND CONSTRUED UNDER THE LAWS THEREOF, WHICH LAWS SHALL PREVAIL IN THE EVENT OF ANY CONFLICT OF LAW, EXCEPT (1) TO THE EXTENT GOVERNED BY THE UNITED STATES TRADEMARK ACT OF 1946 (LANHAM ACT, 15, U.S.C. SECTIONS 1051 ET SEQ); (2) ANY VIRGINIA LAW REGULATING THE SALE OF FRANCHISES OR GOVERNING THE RELATIONSHIP OF A FRANCHISOR AND FRANCHISEE WILL NOT APPLY UNLESS ITS JURISDICTIONAL REQUIREMENTS ARE MET INDEPENDENTLY WITHOUT REFERENCE TO THIS PARAGRAPH; AND (3) THE ENFORCEABILITY OF THOSE PROVISIONS OF THIS AGREEMENT WHICH RELATE TO THE RESTRICTIONS ON DEVELOPER AND ITS OWNERS' COMPETITIVE ACTIVITIES WILL BE GOVERNED BY THE LAWS OF THE STATE IN WHICH A MAJORITY OF THE DESIGNATED TERRITORY IS LOCATED.

B. FRANCHISEE ACKNOWLEDGES THAT THIS AGREEMENT IS ENTERED INTO IN ROANOKE CITY, VIRGINIA AND THAT ANY ACTION SOUGHT TO BE BROUGHT BY EITHER PARTY, EXCEPT THOSE CLAIMS REQUIRED TO BE SUBMITTED TO ARBITRATION SHALL BE BROUGHT IN THE APPROPRIATE STATE OR FEDERAL COURT WITH JURISDICTION OVER ROANOKE CITY, VIRGINIA THE PARTIES DO HEREBY WAIVE ALL QUESTIONS OF PERSONAL JURISDICTION OR VENUE FOR THE PURPOSES OF CARRYING OUT THIS PROVISION.

C. NO RIGHT OR REMEDY CONFERRED UPON OR RESERVED TO FRANCHISOR OR FRANCHISEE BY THIS AGREEMENT IS INTENDED TO BE, NOR SHALL BE DEEMED, EXCLUSIVE OF ANY OTHER RIGHT OR REMEDY HEREIN OR BY LAW OR EQUITY PROVIDED OR PERMITTED, BUT EACH SHALL BE CUMULATIVE OF EVERY OTHER RIGHT OR REMEDY.

D. NOTHING HEREIN CONTAINED SHALL BAR FRANCHISOR'S RIGHT TO OBTAIN INJUNCTIVE RELIEF AGAINST THREATENED CONDUCT THAT SHALL CAUSE IT LOSS OR DAMAGES, UNDER THE USUAL EQUITY RULES, INCLUDING THE APPLICABLE RULES FOR OBTAINING RESTRAINING ORDERS AND PRELIMINARY INJUNCTIONS.

XXX. ARBITRATION

A. Any monetary claim arising out of or relating to this Agreement, or any breach thereof, shall be submitted to arbitration in Roanoke City, Virginia, in accordance with the rules of the American Arbitration Association and judgment upon the award may be entered in any court having jurisdiction thereof. Nothing contained herein shall, however, be construed to limit or to preclude Franchisor from bringing any action in any court of competent jurisdiction for injunctive or other provisional relief as Franchisor deems to be necessary or appropriate to compel Franchisee to comply with his obligations hereunder or to protect the Marks or other property rights of Franchisor. In addition, nothing contained herein shall be construed to limit or to preclude Franchisor from joining with any action for injunctive or provisional relief, all monetary claims that Franchisor may have against Franchisee which arise out of the acts or omissions to act giving rise to the action for injunctive or provisional relief. This arbitration provision shall be deemed to be self-executing and in the event that Franchisee fails to appear at any properly noticed arbitration proceeding, award may be entered against Franchisee notwithstanding his failure to appear.

B. Nothing herein contained shall bar the right of either party to seek and obtain temporary injunctive relief from a court of competent jurisdiction in accordance with applicable law against threatened conduct that shall cause loss or damage, pending completion of the arbitration.

C. It is the intent of the parties that any arbitration between Franchisor and Franchisee shall be of Franchisee's individual claim and that the claim subject to arbitration shall not be arbitrated on a classwide basis. Notwithstanding the foregoing or anything to the contrary in this Paragraph XXX or Paragraph XXVIII, if any court or arbitrator determines that all or any part of the preceding sentence is unenforceable with respect to a dispute that otherwise would be subject to arbitration under this Paragraph XXX, then the parties agree that this arbitration clause will not apply to that dispute and that such dispute will be resolved in a judicial proceeding in accordance with the terms of this Agreement.

XXXI. **FORCE MAJEURE**

Whenever a period of time is provided in this Agreement for either party to do or perform any act or thing, except the payment of monies, neither party shall be liable or responsible for any delays due to strikes, lockouts, casualties, acts of God, war, governmental regulation or control or other causes beyond the reasonable control of the parties, and in any event said time period for the performance of an obligation hereunder shall be extended for the amount of time of the delay. This clause shall not apply or not result in an extension of the term of this Agreement.

XXXII. **"FRANCHISEE" DEFINED AND GUARANTY**

As used in this Agreement, the term "Franchisee" shall include all persons who succeed to the interest of the original Franchisee by permitted transfer or operation of law and shall be deemed to include not only the individual or entity defined as "Franchisee" in the introductory paragraph of this Agreement, but shall also include all partners of the entity that execute this Agreement, in the event said entity is a partnership, all shareholders, officers and directors of the entity that execute this Agreement, in the event said entity is a corporation, and any managing members of a limited liability company of the entity that execute this Agreement, in the event said entity is a limited liability company. By their signatures hereto, all partners, shareholders, officers and directors of the entity that sign this Agreement as Franchisee acknowledges and accepts the duties and obligations imposed upon each of them, individually, by the terms of this Agreement. All partners of the entity that execute this Agreement, in the event said entity is a partnership, and all shareholders, officers and directors of the entity that execute this Agreement, in the event said entity is a corporation, shall execute the Personal Guaranty attached as Exhibit F to the Franchise Disclosure Document.

XXXIII. CAVEAT

The success of the business venture contemplated to be undertaken by Franchisee by virtue of this Agreement is speculative and depends, to a large extent, upon the ability of Franchisee as an independent businessperson and its active participation in the daily affairs of the business as well as other factors. Franchisor does not make any representation or warranty, express or implied, as to the potential success of the business venture contemplated hereby.

XXXIV. **ACKNOWLEDGMENTS**

A. Franchisee represents and acknowledges that it has received, read and understood this Agreement and Franchisor's Franchise Disclosure Document; and that Franchisor has fully and adequately explained the provisions of each to Franchisee's satisfaction; and that Franchisor has accorded Franchisee ample time and opportunity to consult with advisors of its own choosing about the potential benefits and risks of entering into this Agreement.

B. Franchisee acknowledges that it has received a copy of this Agreement and the attachments thereto, at least five (5) business days prior to the date on which this Agreement was executed. Franchisee further acknowledges that Franchisee has received the disclosure document required by the Trade Regulation Rule of the Federal Trade Commission entitled Disclosure Requirements and Prohibitions Concerning Franchising and Business Opportunity Ventures, at least ten (10) business days prior to the date on which this Agreement was executed.

C. Franchisee has been advised to consult with its own advisors with respect to the legal, financial and other aspects of this Agreement, the business franchised hereby, and the prospects for that business. Franchisee has either consulted with such advisors or has deliberately declined to do so.

D. The covenants not to compete set forth in this Agreement are fair and reasonable, and shall not impose any undue hardship on Franchisee, since Franchisee has other considerable skills, experience and education which afford Franchisee the opportunity to derive income from other endeavors.

E. Franchisee affirms that all information set forth in any and all applications, financial statements and submissions to Franchisor is true, complete and accurate in all respects, with Franchisee expressly acknowledging that Franchisor is relying upon the truthfulness, completeness and accuracy of such information.

F. Franchisee has conducted an independent investigation of the business contemplated by this Agreement and recognizes that, like any other business, an investment in a Franchised Restaurant involves business risks and that the success of the venture is primarily dependent upon the business abilities and efforts of Franchisee.

G. Franchisee hereby consents and agrees that certain disputes arising between Franchisor and Franchisee be submitted to arbitration as provided in Paragraph XXX.A. of this Agreement.

H. The submission of this Agreement does not constitute an offer, and this Agreement shall become effective only upon the execution thereof by Franchisor and Franchisee. THIS AGREEMENT SHALL NOT BE BINDING ON FRANCHISOR UNLESS AND UNTIL IT SHALL HAVE BEEN ACCEPTED AND SIGNED BY THE CHIEF EXECUTIVE OFFICER, CHIEF FINANCIAL OFFICER OR A VICE PRESIDENT. THIS AGREEMENT SHALL NOT BECOME EFFECTIVE UNTIL AND UNLESS FRANCHISEE SHALL HAVE BEEN FURNISHED BY FRANCHISOR WITH ALL DISCLOSURE DOCUMENTS, IN WRITTEN FORM, AS MAY BE REQUIRED UNDER OR PURSUANT TO APPLICABLE LAW, FOR REQUISITE TIME PERIODS.

I. FRANCHISEE UNDERSTANDS AND ACKNOWLEDGES THAT ALL REPRESENTATIONS OF FACT CONTAINED HEREIN ARE MADE SOLELY BY FRANCHISOR. ALL DOCUMENTS, INCLUDING FRANCHISOR'S FRANCHISE AGREEMENT AND FRANCHISE DISCLOSURE DOCUMENT AND ALL EXHIBITS THERETO, HAVE BEEN PREPARED SOLELY IN RELIANCE UPON REPRESENTATIONS MADE AND INFORMATION PROVIDED BY FRANCHISOR, ITS OFFICERS AND ITS DIRECTORS. FRANCHISEE FURTHER AGREES TO INDEMNIFY AND HOLD HARMLESS THE PREPARER OF ANY AND ALL SUCH FRANCHISE AGREEMENTS, DISCLOSURE DOCUMENTS AND EXHIBITS THERETO FROM ANY AND ALL LOSS, COSTS, EXPENSES (INCLUDING ATTORNEYS' FEES), DAMAGES AND LIABILITIES RESULTING FROM ANY REPRESENTATIONS AND/OR CLAIMS MADE BY FRANCHISOR IN SUCH DOCUMENTS.

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound hereby, have duly executed, sealed and delivered this Agreement in multiple copies the day and year first above written.

ATTEST:	**WESTERN SIZZLIN FRANCHISE CORPORATION**
______________________________	By:__________________________ Title:________________________
ATTEST/WITNESS:	**FRANCHISEE**:
______________________________	By:__________________________ Title:________________________
______________________________	By:__________________________ Title:________________________

EXHIBIT A TO THE FRANCHISE AGREEMENT
PREMISES AND TERRITORY

WESTERN SIZZLIN FRANCHISE CORPORATION

By:______________________________
Name:__________________________
Title:___________________________

Date:____________________________

FRANCHISEE:

By:______________________________
Name:__________________________
Title:___________________________

Date:____________________________

EXHIBIT B TO THE FRANCHISE AGREEMENT
FRANCHISE TERM

This Exhibit is made a part of that certain Franchise Agreement dated _______________, 20___ by and between ("Franchisee") and Western Sizzlin Franchise Corporation ("Franchisor").

WHEREAS, the parties agree that the first date of opening for business for determining the term of the franchise as defined in Paragraph II. of the Franchise Agreement shall be ____________________ and that the original term of the franchise shall expire on ____________________, although the Franchise Agreement is effective from the date of its execution.

Dated this _______ day of _________________, 20___.

COMPANY:

WESTERN SIZZLIN FRANCHISE CORPORATION, a Delaware Corporation

By:_______________________________
Its:_______________________________

FRANCHISEE:

By:_______________________________
Its:_______________________________

By:_______________________________
Its:_______________________________

EXHIBIT C
TO THE FRANCHISE AGREEMENT

You and Your Owners

1. Form of Owner.

(a) Individual Proprietorship. Your owner(s) (is) (are) as follows:

____
____
____

(b) Corporation, Limited Liability Company, or Partnership. You were incorporated or formed on______________________, under the laws of the State of ____________. You have not conducted business under any name other than your corporate, limited liability company, or partnership name and ______________________ __________________________. The following is a list of your 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 person who is one of your owners (as defined in the Franchise Agreement), or an owner of one of your 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 Person to Receive Notice for Franchise Owner.

(a) Name:____

(b) Postal Address:____

____

(c) E-mail Address:____

4. Identification of Managing Owner. Your Managing Owner as of the Effective Date is __________________________________ (must be one of the individuals listed in paragraph 2 above). You may not change the Managing Owner without prior written approval.

5. Identification of Operations Partner. Your Operations Partner as of the Effective Date is ______________________.

WESTERN SIZZLIN FRANCHISE CORPORATION, a Delaware corporation

By:______________________________
Title:___________________________

Dated:_____________________________

FRANCHISEE

(IF YOU ARE TAKING THE FRANCHISE AS A CORPORATION, LIMITED LIABILITY COMPANY, OR PARTNERSHIP):

____
[Name]

By:______________________________
Title:___________________________

Dated:_____________________________

(IF YOU ARE TAKING THE FRANCHISE INDIVIDUALLY AND NOT AS A LEGAL ENTITY):

____
[Signature]

____
[Print Name]

____
[Signature]

____
[Print Name]

WESTERN SIZZLIN FRANCHISE CORPORATION
WOODGRILL BUFFET

FRANCHISE AGREEMENT

EXHIBIT B-1 TO THE DISCLOSURE DOCUMENT

WESTERN SIZZLIN FRANCHISE CORPORATION

FRANCHISE AGREEMENT

THIS CONTRACT IS SUBJECT TO ARBITRATION

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EXHIBITS

WESTERN SIZZLIN FRANCHISE CORPORATION

FRANCHISE AGREEMENT

This Franchise Agreement ("this Agreement"), made this day ____________ of, 20__, by and between **WESTERN SIZZLIN FRANCHISE CORPORATION**, a Delaware corporation, having its principal place of business at 89 Summers Way, Suite 103, Roanoke, Virginia 24019 ("Franchisor"), and ____________ _____________________- ("Franchisee")

WITNESSETH:

WHEREAS, Franchisor, over a period of time and as the result of the expenditure of time, expertise, effort and money, (i) has developed and owns unique Systems ("Systems") identified by the Marks of Western Sizzlin Franchise Corporation and "Western Sizzlin's Wood Grill Buffet" relating to the establishment, development, operation and maintenance of family steak house restaurants featuring steak dishes and related food and beverage items and hot and cold buffet items, all prepared in accordance with specified recipes and/or procedures ("Menu Items"), and offering seating for on-premises consumption; (ii) has developed certain presentation, packaging and marketing standards and techniques for all Proprietary Products ("Proprietary Products"); and (iii) has developed consumer acceptance for all Menu Items ("Menu Items"); and

WHEREAS, the distinguishing characteristics of the System include, without limitation, distinctive exterior and interior layout, design and color scheme; exclusively designed signage, decorations, furnishings and materials; special recipes, formulae, menus and food and beverage designations; Franchisor's Confidential Operations Manual ("Manual"); food and beverage storage, preparation and service procedures and techniques; operating procedures for sanitation and maintenance; and methods and techniques for inventory and cost controls, record keeping and reporting, personnel management, purchasing, sales promotion and advertising, all of which may be changed, improved and further developed by Franchisor from time to time; and

WHEREAS, Franchisor is the owner of the right, title and interest, together with all the goodwill connected thereto, in and to the trade names, service marks and trademarks "Western Sizzlin's Wood Grill Buffet" associated logos, logotypes, insignias, trade dress, design commercial symbols and such other trade names, service marks and trademarks as are now designated (and may hereinafter be designated by Franchisor in writing) as part of the System ("Mark[s]"); and

WHEREAS, Franchisor shall continue to develop, use and control such Marks for the benefit and use of Franchisor and Franchisor's franchisees in order to identify for the public the source of food products and services marketed thereunder and to represent the System's high standards of quality regarding Menu Items, operations, food products, ingredients, appearance and service; and

WHEREAS, Franchisor grants to qualified persons franchises to own and operate Western Sizzlin's Wood Grill Buffet Restaurants ("Franchised Restaurants") offering food products and services authorized and approved by Franchisor and utilizing the System and Marks; and

WHEREAS, Franchisee desires to operate a Western Sizzlin's Wood Grill Buffet Restaurant using the System and Marks and has applied for a franchise, which application has been approved by Franchisor in reliance upon all of the representations made therein; and

WHEREAS, Franchisee understands and acknowledges the importance of Franchisor's high and uniform standards of quality, operations and customer service and the necessity of operating a Franchised Restaurant in conformity with Franchisor's standards and specifications; and

WHEREAS, Franchisor expressly disclaims the making of and Franchisee acknowledges that it has not received nor relied upon any warranty or guaranty, express or implied, as to the revenues, profits or success of the business venture contemplated by this Agreement. Franchisee acknowledges that it has read this Agreement and Franchisor's Franchise Disclosure Document and that it has no knowledge of any representations by Franchisor or its officers, directors, shareholders, employees or agents that are contrary to the statements made in Franchisor's Franchise Disclosure Document or to the terms herein.

NOW, THEREFORE, the parties, in consideration of the undertakings and commitments of each party to the other set forth in this Agreement, hereby agree as follows:

I. APPOINTMENT AND FRANCHISE FEE

A. Franchisor hereby grants to Franchisee, upon the terms and conditions herein contained, the right, license and privilege to use the Mark "Western Sizzlin's Wood Grill Buffet Restaurant" and the other Marks and Franchisee undertakes the obligation to operate a Western Sizzlin's Wood Grill Buffet Restaurant and to use solely in connection therewith, the System as it is currently established and as it may be changed, improved and further developed from time to time, at one (1) location only, such location to be (1) the premises identified on Exhibit A attached hereto (the "Premises"); or (2) at a location to be designated; provided, however, that when a location has been designated and approved by the parties, said location shall become Paragraph I.A.1., as if originally incorporated therein. Franchisee shall not relocate its Franchised Restaurant without the prior written approval of Franchisor.

B. Franchisor shall not, so long as this Agreement is in full force and effect and Franchisee is not in default under any of the terms hereof, enfranchise any other similar Western Sizzlin's Wood Grill Buffet Restaurant within the geographic area described in Exhibit A attached hereto (the "Territory"). However, Franchisor has the right, in its sole discretion, to grant such other franchises outside of the Territory as Franchisor, in its sole and exclusive discretion, deems appropriate. Nothing contained herein shall prevent Franchisor or another franchisee from advertising within the Territory.

1. Franchisor or any affiliate, subsidiary or parent ("Related Entities") of Franchisor reserve the right to offer and sell at wholesale, retail or through any other distribution system, both within and outside of the Territory, products and services which comprise or may in the future comprise a part of the System including, but not limited to,

the Proprietary Products, which products may be resold at retail or through any other distribution channel including, but not limited to, supermarkets and other retail facilities to the general public by such entities.

2. Franchisor and any Related Entities of Franchisor reserve the right to sell at both wholesale and retail, both within and outside of the Territory, all products and services which do not comprise a part of the System. Franchisor or any Related Entities of Franchisor also reserve the right to establish food service businesses operating under a format and trademarks and service marks distinct from Franchisor's Concept granted in this Franchise Agreement.

3. Franchisee shall engage only in the retail sale of Menu Items and Franchisee agrees not to engage in the wholesale sale and/or distribution of any product offered for sale through the Franchised Restaurant, except if authorized in writing by Franchisor. "Wholesale Sale and/or Distribution" shall mean any sale and/or distribution of product by Franchisee to a third party for resale, retail sale or further distribution by such third party.

C. In consideration of the franchise granted herein, Franchisee shall pay to Franchisor, upon execution of this Agreement, a Franchise Fee of ______________________________ DOLLARS ($______________) ("Franchise Fee"). The Franchise Fee shall be deemed fully earned and non-refundable upon execution of this Agreement as consideration for expenses incurred by Franchisor in furnishing assistance and services to Franchisee for Franchisor's lost or deferred opportunity to franchise others, except as may be otherwise specifically provided in this Agreement and/or any Exhibit attached hereto. The Franchise Fee pays total corporate pre-training, training during operations, and corporate support during the entire process. The Franchise Fee does not include the expense of sending the restaurant staff through the training program, i.e., travel, lodging, meals. This expense shall be incurred by Franchisee.

II. TERM AND RENEWAL

A. This Agreement shall be effective and binding from the date it is executed and for an initial term of twenty (20) years commencing on the date Franchisee begins operating its Franchised Restaurant as specified on Exhibit B attached hereto. However, if this Agreement is executed by Franchisee in connection with Franchisee's purchase of an existing Franchised Restaurant, the term hereof may be equal to the then remaining term of the Franchise Agreement which relates to the Franchised Restaurant so purchased.

B. Franchisee shall have the right to renew this franchise before the expiration of the initial term of the franchise for one (1) additional successive term equal to ten (10) years, providing all of the conditions hereinafter set forth have been fulfilled:

1. At the time Franchisee notifies Franchisor of Franchisee's election to renew and at all times from such notification to the time of the commencement of the term of the Renewal Franchise Agreement ("Renewal Franchise Agreement"), Franchisee shall have fully performed all of Franchisee's obligations under this Agreement, the

Manual and under all other agreements which may during said period be in effect between Franchisor and Franchisee.

2. Franchisee shall have not committed two (2) or more events constituting default during any twenty four (24) month period during the term of this Agreement, whether or not such defaults were cured.

3. Franchisee shall have obtained the right to continue to occupy the Premises following the expiration of the term hereof.

4. Within twelve (12) months after renewal of this Agreement, Franchisee shall have remodeled and renovated the Franchised Restaurant to conform to Franchisor's then-current standards and specifications for remodeling as determined in the sole discretion of Franchisor, as defined from time to time in the Manual which have been approved by Franchisor within twelve (12) months of the date of the expiration of this Agreement. Failure to remodel as agreed within twelve (12) months subsequent to renewal shall constitute a material event of default in accordance with the terms of the Renewal Franchise Agreement. Franchisee must submit plans to Franchisor and Franchisor must approve the plans in writing.

5. Franchisee shall sign Franchisor's then current franchise agreement.

C. At least eight (8) months but not more than twelve (12) months before this Agreement expires, Franchisee must give Franchisor notice of its intent to renew. Within thirty (30) days of Franchisee's renewal request, Franchisor will give Franchisee its requirements for renewal and its current franchise documents. Franchisor will approve the renewal if Franchisee has complied with the renewal conditions. If Franchisee fails to perform or deliver notice as required for renewal, Franchisee's right to renew will automatically lapse. If applicable law requires that Franchisor give Franchisee notice before the expiration of the franchise term, the Franchise Agreement will remain effective on a month to month basis until Franchisor has legally given Franchisee notice.

III. RESTAURANT LOCATION

A. Franchisee will be solely responsible for purchasing or leasing a suitable site for the Franchised Restaurant. If the franchise location is not designated above, Franchisor shall use reasonable efforts to help analyze Franchisee's market area, to help determine site feasibility and to assist in the designation of the franchise location. While Franchisor shall utilize its experience and expertise in approval of a location, nothing contained herein shall be interpreted as a guarantee of success for said location nor shall any site recommendation or approval made by Franchisor be deemed a representation that any particular site is available for use as a Franchised Restaurant. Prior to the acquisition by lease or purchase of any site for the Premises, Franchisee shall submit a description of the proposed site to Franchisor, together with a letter of intent or other evidence satisfactory to Franchisor which confirms Franchisee's favorable prospects for obtaining the proposed site. Franchisor shall thereafter approve or disapprove such proposed site in the exercise of its sole discretion and so advise Franchisee in writing within thirty (30) business days after receiving Franchisee's written proposal.

B. Notwithstanding Paragraph II.A., unless Franchisee, or an affiliate, shall be or shall become the owner of the real estate on which the Franchised Restaurant is located, the term of this Agreement shall automatically expire upon the earlier termination, without fault or agreement of Franchisee, or earlier expiration of Franchisee's lease, or other right of possession and occupancy of the Franchised Restaurant and location, unless Franchisee shall construct and operate a new Franchised Restaurant in the Territory described in Paragraph I.B. hereof, at a location approved by Franchisor. Franchisor's said approval shall not be unreasonably withheld. In the event that Franchisee's lease or other right of possession and occupancy of the Franchised Restaurant and location shall cease prior to the date that Franchisee shall have completed construction of a new Franchised Restaurant, Franchisee shall pay to Franchisor, as a Royalty Fee (as defined in Paragraph X.A.), for each month that the new Franchised Restaurant is not open for business a sum equal to the average Royalty Fee owed by Franchisee to Franchisor during the twelve (12) month period immediately preceding the month that the Franchised Restaurant closed. For purposes hereof, the term "Affiliate" shall include any person, corporation, limited liability company, general partnership or other entity which directly, or indirectly through one or more intermediaries, controls, is controlled by, or is in under common control with Franchisee.

C. If at the time of execution of this Agreement the Franchised Restaurant has not been constructed, or if the building at the location has been constructed but does not comply with Franchisor's standards in effect for new Franchised Restaurants at the time of the execution of this Franchise Agreement, Franchisee shall at Franchisee's sole cost and expense promptly cause the Franchised Restaurant and location to be constructed, equipped and improved in accordance with such standards. Promptly following the execution hereof, but in any event prior to the renovation or construction of the Franchised Restaurant and location, Franchisor shall provide to Franchisee copies of Franchisor's specifications for the design and layout of the Franchised Restaurant and required building, fixtures, equipment, furnishings, decor and signs. Franchisee shall, in all respects, and at Franchisee's sole cost, comply with all such specifications and criteria unless Franchisor shall, in writing, agree to modifications thereof. Such modifications will customarily be made only if required by zoning or similar laws, landlord requirements, unique plot problems or similar matters. Franchisee shall employ architects and general contractors of Franchisee's own selection, and at Franchisee's sole cost and expense, to prepare such architectural, engineering and construction drawings and site plans, and to obtain all permits and approvals, required to construct, remodel, renovate, and/or equip the Franchised Restaurant and location. When completed, said Franchised Restaurant and location shall in all respects comply with Franchisor's specifications therefor and Franchisor must approve the final plans in writing.

D. Franchisee shall commence construction or renovation, as the case may be, as soon as possible but in no event later than five (5) months after the date of execution of this Agreement.

E. Subject only to causes beyond the reasonable control of Franchisee, such as, by way of illustration, strikes, material shortages, fires and other acts of God, which Franchisee could not by the exercise of due diligence have avoided, Franchisee shall complete construction or renovation, as the case may be, of the Franchised Restaurant and all improvements therein, including installation of all fixtures, signs, equipment and furnishings as soon as possible but in no event later than seven (7) months after commencement thereof. At all times prior to Franchisee commencing the operation of the Franchised Restaurant, Franchisor shall have the right to inspect and examine the premises and any fixtures, signs, furnishings and equipment for the purpose of insuring compliance with Franchisor's standards and specifications. If Franchisee has not met all criteria prior to opening the restaurant, Franchisor may elect to allow an exception if Franchisee secures a bond to guarantee performance within a specified time. In the event that performance is not completed, Franchisor may call bond and complete performance per specifications. Franchisee will maintain responsibility for both physical and financial work completed. Franchisor will return any additional bond funds to Franchisee.

F. Franchisee agrees that the operation of the Franchised Restaurant by Franchisee shall commence not later than twelve (12) months following the date of the execution hereof, subject only to causes beyond the reasonable control of Franchisee, such as, by way of illustration, strikes, material shortages, fires and other acts of God, which Franchisee could not by the exercise of due diligence have avoided, in which event the time for completion may be extended for a reasonable period of time.

G. Franchisee agrees that it will maintain the condition and appearance of the Franchised Restaurant to Franchisor's then-existing standards as defined in the Manual from time to time. Franchisee agrees to renovate the Franchised Restaurant as Franchisor requires from time to time during the term of this Agreement, but in no event shall Franchisor require renovations sooner than five (5) years from the date of this Agreement or more often than once every five (5) years thereafter. "Renovate" may encompass changing the color scheme and decor package for the interior and exterior of the building to a major renovation that will not exceed FIVE HUNDRED THOUSAND DOLLARS ($500,000.00).

H. The time periods for the commencement and completion of construction and the installation of fixtures, signs, machinery and equipment as referred to in this Paragraph III. are of the essence of this Agreement.

I. If Franchisee fails to perform its obligations contained in this Paragraph III., then Franchisor may deem Franchisee's failure to so perform its obligations as aforesaid to constitute a material breach of this Agreement, in which event Franchisor shall notify Franchisee to such effect. If Franchisee cures such default within fifteen (15) days after Franchisor's notice of the material breach specified in Franchisor's notice, which time shall be of the essence of this Agreement, such default shall be deemed cured. If, however, Franchisee fails to cure such default within said fifteen (15) day period, then in such event this Agreement shall be deemed terminated without any further notice. Such notice period, and all other notices prescribed herein shall be inclusive of, and not in addition to any other notice periods required by law.

J. If the location is leased by Franchisee: the lease shall be subject to Franchisor's prior approval, a true and correct copy of which shall be delivered to Franchisor prior to Franchisee's execution thereof. Following approval by Franchisor, and execution by Franchisee, a fully executed copy of said lease shall be promptly delivered to Franchisor. Franchisee shall duly and timely perform all of the terms, conditions, covenants and obligations imposed upon Franchisee under the lease. The lease shall contain such terms as may be required by the Manual and shall provide that it may not be modified or amended without Franchisor's prior written consent which shall not be unreasonably withheld, and that Franchisor shall be provided with copies of all such modifications or amendments.

K. In the event no acceptable site is found and approved by the parties within six (6) months from the date of this Agreement, then, upon written application from either party, this contract shall be terminated.

IV. TRAINING AND ASSISTANCE

A. Prior to commencement of operations of the Franchised Restaurant location, a new Franchisee and his management staff will attend the Franchisor's designated training programs at the expense of Franchisee. (Tuition is included in the initial Franchise Fee.) In the case of a corporate, limited liability company or partnership Franchisee, a shareholder, managing member or general partner selected by Franchisee and approved by Franchisor shall also be trained by Franchisor and in the case of a sole proprietor who will not also be the manager of the Franchised Restaurant, such sole proprietor shall also be trained by Franchisor. Such initial training program shall consist of:

1. Training at a company-owned or a certified training Franchised Restaurant (designated by Franchisor) for such period of time as Franchisor in its discretion deem necessary (typically six weeks);

2. Training at the Franchised Restaurant for approximately one (1) week as Franchisor deems necessary prior to commencement of operations; and

3. Training at the Franchised Restaurant following the opening thereof for approximately one (1) week as Franchisor deems necessary.

B. If Franchisor determines, in Franchisor's sole discretion, that Franchisee is unable to satisfactorily complete either phase of the training program, Franchisor shall have the right to: (i) require Franchisee to attend such additional training at Franchisor's then-current per diem training fee so as to demonstrate Franchisee's ability to operate the Franchised Restaurant to Franchisor's satisfaction; or (ii) terminate this Agreement in the manner herein provided. Upon the occurrence of either such event, Franchisor shall be fully and forever released from any claims or causes of action Franchisee may have under or pursuant to this Agreement and Franchisee shall have no further right, title or interest in the Marks, and any such rights shall automatically revert to Franchisor.

C. Each restaurant manager employed by Franchisee shall attend and successfully complete Franchisor's initial training program, unless waived by Franchisor by reason of such manager's prior training and qualifications. If Franchisee designates new or additional managers after the initial training program, Franchisor shall train, at no cost to Franchisee for tuition, one (1) new manager employed by Franchisee each year during the term hereof. If Franchisor trains any additional managers or other personnel, Franchisee shall pay Franchisor's standard training fees then in effect in the Manual. Franchisee, in all cases, shall bear all travel and living expenses incurred by such trainee(s), and Franchisor shall pay no compensation for any services performed by such trainee(s) in connection with such training program.

D. Franchisor may, from time to time, at Franchisor's discretion, make available to Franchisee additional training courses or programs during the term of this Agreement. Franchisor shall have the right to make attendance by Franchisee or the manager of the Franchised Restaurant mandatory with respect to certain of such courses and shall have the right to make Franchisee's attendance at other such training courses optional. Franchisor shall make no charge for mandatory training courses but may, in Franchisor's discretion, establish charges applicable to all franchisees similarly situated, for optional training courses. With respect to either mandatory or optional training courses, Franchisee shall pay all transportation costs, food, lodging and similar costs incurred in connection with attendance at such courses. The time and place of both mandatory and optional training courses shall be at Franchisor's sole discretion.

E. Franchisor may, from time to time, in Franchisor's discretion, cause Franchisor's field representatives to visit Franchisee's Franchised Restaurant for the purpose of rendering advice and consultation or training, with respect to the Franchised Restaurant, its operation and performance, and compliance by Franchisee with the Manual. Further, Franchisee shall have the right to inquire of Franchisor's headquarters staff, Franchisor's field representatives and training staff with respect to problems relating to the operation of the Franchised Restaurant, by telephone or correspondence, and Franchisor shall use its best efforts to diligently respond to such inquiries, in order to assist Franchisee in the operation of the Franchised Restaurant.

V. PROPRIETARY MARKS

A. Franchisee acknowledges that Franchisor is the owner of all right, title and interest, together with all the goodwill, of the Marks. Franchisee further acknowledges that Franchisee's right to use the Marks is derived solely from this Agreement and is limited to the conduct of business by Franchisee pursuant to and in compliance with this Agreement and all applicable standards, specifications and operating procedures prescribed by Franchisor from time to time during the term of the franchise. Any unauthorized use of the Marks by Franchisee is a breach of this Agreement and an infringement of the rights of Franchisor in and to the Marks. Franchisee acknowledges that all usage of the Marks by Franchisee and any goodwill established by Franchisee's use of the Marks shall inure to the exclusive benefit of Franchisor and that this Agreement does not confer any goodwill or other interests in the Marks upon Franchisee. Franchisee shall not, at any time during the term of this Agreement or after its termination or expiration, contest the validity or ownership of any of the Marks or assist any other person in contesting the validity or ownership of the Marks. All provisions of this Agreement applicable to the Marks apply to any and all additional trademarks, service marks and commercial symbols authorized for use by and licensed to Franchisee by Franchisor after the date of this Agreement.

B. Franchisee agrees that the Franchised Restaurant herein licensed and franchised shall be named "Western Sizzlin's Wood Grill Buffet" without alteration as prescribed by Franchisor. Franchisee shall use and display the Marks and such of Franchisor's signs, advertising and slogans as Franchisor may from time to time prescribe or approve. Upon termination or expiration of this Agreement, Franchisor may sign any documents in Franchisee's name to cancel Franchisee's use of the Marks. Franchisee shall not use any Mark or portion of any Mark as part of a corporate or trade name or with any prefix, suffix or other modifying words, terms, designs or symbols, or in any modified form. If Franchisee is a corporation, limited liability company or general limited partnership, Franchisee shall not use the Marks or

Franchisor's trade name or any words or symbols which are confusingly similar thereto as all or part of Franchisee's name. Franchisee shall not use any Mark in connection with the sale of any unauthorized product or service or in any other manner not expressly authorized in writing by Franchisor. Franchisee shall not display the trademark, service mark, trade name, insignia or logotype of any other person, firm or corporation in connection with the operation of the Franchised Restaurant without the express prior written consent of Franchisor, which may be withheld in its sole subjective discretion. Franchisee shall give such notices of trademark and service mark registrations as Franchisor specifies and obtain such fictitious or assumed name registrations as may be required under applicable law.

C. Franchisee shall promptly notify Franchisor of any claim, demand or cause of action based upon or arising from any attempt by any other person, firm or corporation to use the Marks or any colorable imitation thereof. Franchisee shall also notify Franchisor of any action, claim or demand against Franchisee relating to the Marks within ten (10) days after Franchisee receives notice of said action, claim or demand. Upon receipt of timely notice of an action, claim or demand against Franchisee relating to the Marks, Franchisor shall have the sole right, but not the duty, to defend any such action. Franchisor shall have the exclusive right to contest or bring action against any third party regarding the third party's use of any of the Marks and shall exercise such right in Franchisor's sole discretion. In any defense or prosecution of any litigation relating to the Marks or components of the System undertaken by Franchisor, Franchisee shall cooperate with Franchisor, execute any and all documents and take all actions as may be desirable or necessary, in the opinion of Franchisor's counsel, to carry out such defense or prosecution. Both parties shall make every effort consistent with the foregoing to protect, maintain and promote the Marks as identifying the System and only the System.

D. If it becomes advisable at any time, in Franchisor's sole discretion, for Franchisor to modify or discontinue use of any Mark, and/or use one (1) or more additional or substitute trade names, trademarks, service marks or other commercial symbols, Franchisee shall comply with Franchisor's directions within a reasonable time after notice to Franchisee by Franchisor. Franchisor shall have no liability or obligation whatsoever with respect to Franchisee's modification or discontinuance of any Mark.

E. In order to preserve the validity and integrity of the Marks and copyrighted material licensed herein and to ensure that Franchisee is properly employing the same in the operation of its Franchised Restaurant, Franchisor or its agents shall have the right of entry and inspection of Franchisee's Premises and operating procedures at all reasonable times. Franchisor shall have the right to observe the manner in which Franchisee is rendering its Franchised Restaurant services and conducting its operations, to confer with Franchisee's employees and customers and to select Menu Items, the Proprietary Products, ingredients, food and non-food products, beverages and other items, products and supplies for test of content and evaluation purposes to make certain that the Menu Items, the Proprietary Products, ingredients, food and non-food products, beverages and other items, products, materials and supplies are satisfactory and meet the quality control provisions and performance standards established by Franchisor.

F. Franchisee shall not establish a Web site on the Internet using any domain name containing the words from any of Franchisor's Concepts or any variation thereof. Franchisor retains the sole right to advertise on the Internet and create a Web site using any of Franchisor's

Concepts domain names. Franchisee acknowledges that Franchisor is the owner of all right, title and interest in and to such domain names as Franchisor shall designate in the Manual.

VI. CONFIDENTIAL OPERATIONS MANUAL

A. Franchisor shall provide Franchisee with access, during the term of the franchise, to one (1) copy of the Manual containing reasonable, mandatory and suggested specifications, standards, operating procedures and rules prescribed from time to time by Franchisor for Franchised Restaurants and information relative to other obligations of Franchisee hereunder. Franchisor shall have the right to add to and otherwise modify the Manual (including, but not limited to, all bulletins, supplements, and ancillary manuals) from time to time to reflect changes in the specifications, standards, operating procedures and rules prescribed by Franchisor for Franchised Restaurants, provided that no such addition or modification shall alter Franchisee's fundamental status and rights under this Agreement.

1. The subject matter of the Manual may include, without limitation, matters such as: forms, information relating to product and menu specifications, cash control, purchase orders, general operations, labor schedules, personnel, Gross Sales, reports, payroll procedures, training and accounting, safety and sanitation, design specifications and color of uniforms, display of signs and notices, authorized and required equipment, fixtures (including specifications therefor), Marks usage, insurance requirements, lease requirements, decor, standards for management and personnel, hours of operation, yellow page and local advertising formats, standards of maintenance and appearance of the Franchised Restaurant.

2. Franchisor shall have the right to modify the Manual at any time and from time to time by the addition, deletion or other modification to the provisions thereof. All such modifications shall be equally applicable to all similarly situated franchisees who are required by their franchise agreements to comply therewith, and no such modification shall alter Franchisee's fundamental status and rights under this Agreement. Modifications in the Manual shall become effective upon delivery of written notice to Franchisee unless a longer period is specified in such written notice. The Manual, as modified from time to time as hereinabove provided, shall be an integral part of this Agreement and reference made in this Agreement, or in any amendments, exhibits or schedules hereto, to the Manual shall be deemed to mean the Manual kept current by amendments from time to time. Upon the execution of this Agreement, Franchisor shall furnish to Franchisee one (1) copy of the Manual, unless Franchisee purchased the Franchised Restaurant from an existing franchisee or entered into this Agreement as a Renewal Franchise Agreement. Upon the expiration or termination of this Agreement for any reason whatsoever, Franchisee shall immediately return the Manual to Franchisor. Franchisee shall not make, or cause or allow to be made, any copies or reproductions of all or any portion of the Manual without Franchisor's express prior written consent.

B. The Manual shall at all times remain the sole property of Franchisor and shall promptly be returned upon the expiration or other termination of this Agreement. At no time shall Franchisee or its employees make copies or reproductions of all or part of the Manual.

C. The Manual contains proprietary information of Franchisor and shall be kept confidential by Franchisee both during the term of the franchise and subsequent to the expiration and/or termination of the franchise. Franchisee shall at all times ensure that its copy of the Manual be available at the Premises in a current and up-to-date manner. At all times that the Manual is not in use by authorized personnel, Franchisee shall maintain the Manual in a locked receptacle at the Premises and shall only grant authorized personnel, as defined in the Manual, access to the key or lock combination of such receptacle. In the event of any dispute as to the contents of the Manual, the terms of the master copy of the Manual maintained by Franchisor at Franchisor's home office shall be controlling.

VII. CONFIDENTIAL INFORMATION

A. Franchisee acknowledges that its entire knowledge of the operation of a Franchised Restaurant including, without limitation, the method of preparation of Menu Items, Proprietary Products, other food products and other specifications, product formulae, standards and operating procedures of a Franchised Restaurant is derived from information disclosed to Franchisee by Franchisor and that such information is proprietary, confidential and the Trade Secret of Franchisor. In addition, any improvements developed by Franchisee pursuant to Franchisee's operation of the Franchised Restaurant shall constitute proprietary information of Franchisor. "Trade Secrets" refers to the whole or any portion of know-how, knowledge, methods, recipes, formulae, specifications, processes, procedures and/or improvements regarding a Franchised Restaurant, the System and any information that is valuable and secret in the sense that it is not generally known to competitors of Franchisor. Franchisee shall maintain the absolute confidentiality of all such information during and after the term of the franchise and Franchisee shall not use any such information in any other business or in any manner not specifically authorized or approved in writing by Franchisor.

B. Franchisee shall divulge such confidential information only to the extent and only to such of its employees as must have access to it in order to operate the Franchised Restaurant. Any and all information, knowledge and know-how including, without limitation, drawings, materials, equipment, techniques, restaurant systems, product formulae, recipes and other data which Franchisor designates as confidential shall be deemed confidential for purposes of this Agreement, except information which Franchisee can demonstrate lawfully came to its attention prior to disclosure thereof by Franchisor; or which, at the time of disclosure by Franchisor to Franchisee, had lawfully become a part of the public domain, through publication or communication by others; or which, after disclosure to Franchisee by Franchisor, lawfully becomes a part of the public domain, through publication or communication by others.

C. Due to the special and unique nature of the confidential information, Marks and Manual of Franchisor, Franchisee hereby acknowledges that Franchisor shall be entitled to immediate equitable remedies including, but not limited to, restraining orders and injunctive relief in order to safeguard such proprietary, confidential, unique and special information of Franchisor and that money damages alone would be an insufficient remedy with which to compensate Franchisor for any breach of the terms of Paragraphs V., VI., VII. and XV. of this Agreement. Such injunctive relief shall be without notice and/or without bond. All owners, directors, shareholders, partners and employees of Franchisee having access to the confidential and proprietary information of Franchisor shall be required to execute non-disclosure agreements in the form acceptable to Franchisor.

D. Franchisee and Franchisor acknowledge and agree, as follows:

1. Franchisor may authorize Franchisee to use certain copyrighted or copyrightable works ("Copyrighted Works");

2. The Copyrighted Works are the valuable property of Franchisor or its Related Entities; and

3. Franchisee's rights to use the Copyrighted Works are granted to Franchisee solely on the condition that Franchisee complies with the terms of this Paragraph VII.

E. Franchisee acknowledges and agrees that Franchisor owns or is the licensee of the owner of the Copyrighted Works and shall further create, acquire or obtain licenses for certain copyrights in various works of authorship used in connection with the operation of Franchised Restaurants including, but not limited to, all categories of works eligible for protection under the United States copyright law, all of which shall be deemed to be Copyrighted Works under this Agreement. Such .Copyrighted Works include, but are not limited to, the Manual, advertisements, promotional materials, posters and signs and may include all or part of the Marks, trade dress and other portions of the System. Franchisor intends that all works of authorship related to the System which are created in the future shall be owned by it or its affiliates.

F. If Franchisee develops any new program, project, work of art or other material in the course of operating its Franchised Restaurant and Franchisor approves the use and sale of this service in the Franchised Restaurant, this new program, project, work of art or other material shall automatically become the property of Franchisor as though Franchisor had developed the program, project, work of art or other material itself.

VIII. MODIFICATION OF THE SYSTEM

Franchisee acknowledges that from time to time hereafter, Franchisor may change or modify the System presently identified by the Marks including, without limitation, the adoption and use of new or modified trade names, trademarks, service marks or copyrighted materials, new Menu Items, new products, new equipment or new techniques and such modifications shall be communicated to Franchisee through the Manual. Franchisee shall accept, use and display, for the purpose of this Agreement, any such changes in the System, as if they were part of this Agreement at the time of execution hereof. Franchisee shall make such expenditures as are reasonably required by such changes or modifications in the System. Franchisee shall not change, modify or alter the System in any way. See Paragraph III.G. of this Agreement.

IX. ADVERTISING

Recognizing the value of advertising and the importance of the standardization of advertising and promotion to the furtherance of the goodwill and the public image of Franchised Restaurants, Franchisee agrees as follows:

A. Franchisee shall submit to Franchisor or its designated agency, for its prior approval, all promotional materials and advertising to be used by Franchisee including, but not limited to, newspapers, radio and television advertising, specialty and novelty items, signs, containers and boxes. In the event written disapproval of said advertising and promotional material is not given by Franchisor to Franchisee within twenty (20) days from the date such material is received by Franchisor, said materials shall be deemed approved. Failure by Franchisee to conform with the provisions herein and subsequent non-action by Franchisor to require Franchisee to cure or remedy this failure and default shall not be deemed a waiver of future or additional failures and defaults of any other provision of this Agreement. The submission of advertising to Franchisor for approval shall not affect Franchisee's right to determine the prices at which Franchisee sells its products or services.

B. Franchisee shall spend a minimum of TEN THOUSAND DOLLARS ($10,000.00) during the first sixty (60) days of operation of the Franchised Restaurant on newspaper, direct mail advertising or promotional items through other media ("Grand Opening Advertising"). Such Grand Opening Advertising shall be conducted in accordance with the Manual. Franchisor shall establish guidelines for Grand Opening Advertising and shall provide such guidelines to Franchisee prior to or during the initial training program.

C. A National Advertising Fund has been created for the purpose of administering advertising development and research projects which shall be funded in accordance with the provisions hereof.

D. Each week during the term of the Franchise Agreement, each Franchised Restaurant must pay to the National Advertising Fund an advertising development and research fund fee equal to one half of one percent (.5%) per month per restaurant. Franchisor will contribute for each company owned Western Sizzlin's Wood Grill Buffet and Great American Buffet restaurant. The amount of all National Advertising Fees received from franchisees who are contractually required to pay National Advertising Fees, and the related amounts required to be expended by Franchisor on account of Franchisor's company owned Western Sizzlin's Wood Grill Buffet and Great American Buffet Restaurants, shall be expended to conduct research and to develop national, regional, and/or local advertising campaigns, programs, and materials designed to promote and enhance the image, identity, or patronage of the franchised and company owned restaurants operating under the Marks. National Advertising Fund may, among other things, conduct marketing studies, and produce and purchase Advertising Materials, radio and television commercials, musical jingles, print advertisements, point of sale materials, direct mail materials, and promotional material and literature ("Advertising Materials"). The National Advertising Fund may also use such amounts to reimburse its actual direct costs and expenses for personnel or outside consultants and representatives hired or retained to conduct such research or produce and develop such Advertising Materials. The National Advertising Fund may, at its option, make Advertising Materials developed with National Advertising Fund Fees available to Franchisee and other franchisees with or without additional charge. The monthly National Advertising Fund Fee contemplated herein will be subject to increase or decrease upon the resolution of Franchisor, provided that any increase or decrease is uniformly applied to all franchisees. Any increase in the National Advertising Fund Fee will not exceed an increase or decrease of 0.5% of Franchisee's Gross Sales per month during the term of this Agreement.

E. Franchisor may pay all reasonable and necessary travel and meeting expenses relating to National Advertising Fund meetings, and the meetings of any of its subcommittees. Neither the National Advertising Fund nor any Co-op Advertising is a trust fund, and WFI will have no fiduciary responsibility to any franchisee in connection with the collection or use of any national advertising or co-op advertising funds' operation.

F. Franchisor shall determine, in its total and subjective discretion and exercised in good faith, the cost, media, content, format, style, timing, allocation, and all other matters relating to such advertising. Nothing herein shall be construed to require Franchisor to allocate or expend monies so as to benefit any particular franchisee or group of franchisees on a pro rata or proportional basis or otherwise.

G. Franchisee should spend on local advertising and promotion, an amount equal to two percent (2%) of Franchisee's Gross Sales (as defined in Paragraph X.D.) each week. Such expenditures shall be made directly by Franchisee as required by Franchisor in the Manual, subject to approval and direction by Franchisor or Franchisor's designated advertising agency. Within thirty (30) days of the end of each calendar month, Franchisee shall furnish to Franchisor, in a manner approved by Franchisor, an accurate accounting of Franchisee's expenditures on local advertising and promotion for the preceding calendar month just ended. Franchisor shall provide guidelines for local advertising and any deviation from such guidelines requires the prior approval of Franchisor.

H. Franchisor shall have the right at any time, and from time to time, to create Co op Advertising and/or Purchasing Regions ("Co-ops") by Areas of Dominant Influence ("ADI") as established by Arbitron or such other prevailing standard as adopted by Franchisor. If and when Franchisor creates a Co op for the region in which the Franchised Restaurant is located, Franchisee shall become a subscriber and member thereof, and participate therein, in accordance with the Subscription Agreement and By laws of such Co op. The size and content of such regions, when and if established by Franchisor, shall be binding upon Franchisee and all other franchisees similarly situated who are required by the terms of their franchise agreements to so participate.

I. In no event will Franchisee be required to expend more than four percent (4%) of Gross Sales for advertising, including local advertising, National Advertising Fund and Co-op expenditures. Franchisee may elect to expend more than this percentage.

J. Franchisee shall, at its sole expense, subscribe for and maintain throughout the term hereof one (1) or more telephone numbers, which shall be listed in the white pages and, at Franchisee's option, in the yellow pages of the telephone directory or directories servicing Franchisee's Territory and such adjacent or nearby areas as Franchisor may designate. In all advertising placed by Franchisee in which such listed number(s) appear, there shall not appear any other telephone numbers subscribed for by Franchisee personally or in the conduct of any other business.

K. From time to time during the term hereof, Franchisor shall have the right to establish and conduct promotional campaigns on a national or regional basis, which may, without limitation, promote particular products or marketing themes. Franchisee agrees to participate in such promotional campaigns upon such terms and conditions as Franchisor may establish. Franchisee acknowledges and agrees that such participation may require Franchisee to purchase point of sale Advertising Material, posters, flyers, product displays and other promotional material. Expenditures undertaken by Franchisee under this Paragraph count toward the four percent (4%) requirement set out under Paragraph IX.J.

L. Franchisee shall not advertise or use in advertising or any other form of promotion, the copyrighted materials, trademarks, service marks or commercial symbols of Franchisor without the appropriate © or ® registration marks or the designation TM or SM where applicable.

X. ROYALTY FEE

A. Franchisee shall pay to Franchisor, without offset, credit or deduction of any nature, so long as this Agreement shall be in effect, a weekly Royalty Fee equal to three percent (3%) of the Gross Sales derived from the Franchised Restaurant. Said Royalty Fee shall be paid in the manner specified below, or as otherwise prescribed in the Manual ("Royalty Fee"). Franchisor reserves the right to collect the Royalty Fee more frequently upon thirty (30) days prior written notice to Franchisee.

B. On or before the fifteenth (15th) day of each calendar month during the term hereof, Franchisee shall pay Franchisor the full amount of:

1. The Royalty Fee due to Franchisor for the immediately preceding calendar month; and

2. The National Advertising Fee due to Franchisor for the immediately preceding calendar month.

C. Franchisor reserves the right to implement a thirteen (13) period calendar, accounting period and business cycle for purposes of payments designated under this Paragraph.

D. The term "Gross Sales" as used herein shall mean all sums received or receivable by Franchisee, directly or indirectly, from or in connection with the operation of the Franchised Restaurant, including revenues generated from any and all sources on account of the sale of food and beverages and other goods and products (including vending machines, games, slot machines, amusement rides, and telephones), and from the rendering of services of any kind or nature, at or from the Franchised Restaurant, or under, or in any way connected with the use of the Marks, whether for cash, credit, or barter. There shall be deducted from Gross Sales for purposes of said computation (but only to the extent that they have been included) the amount of all sales tax receipts or similar tax receipts which, by law, are chargeable to customers, if such taxes are separately stated when the customer is charged, and the amount of any actual refunds, rebates, over rings, and allowances given to customers in good faith.

E. All Royalty Fees, advertising contributions, amounts due for purchases by Franchisee from Franchisor or its Related Entities, and other amounts which Franchisee owes to Franchisor, shall bear interest after due date at the highest applicable legal rate for open account business credit, not to exceed one and one-half percent (1.5%) per month. Franchisee acknowledges that this Paragraph X. shall not constitute agreement by Franchisor to accept such payments after same are due or a commitment by Franchisor to extend credit to, or otherwise finance Franchisee's operation of, the Franchised Restaurant. Further, Franchisee acknowledges that its failure to pay all amounts when due shall constitute grounds for termination of this Agreement, as provided in Paragraph XVI. hereof, notwithstanding the provisions of this Paragraph X.

F. Notwithstanding any designation by Franchisee, Franchisor shall have the sole discretion to apply any payments by Franchisee to any past due indebtedness of Franchisee for Royalty Fees, advertising contributions, purchases from Franchisor, interest or any other indebtedness.

G. All Royalty Fees, advertising contributions, amounts due for purchases by Franchisee from Franchisor and other amounts which Franchisee owes to Franchisor shall be paid through an electronic depository transfer account ("Electronic Transfer") as further described in the Manual. Immediately following execution of this Agreement, Franchisee shall set up an Electronic Transfer account and Franchisor may have access to such account for the purpose of receiving payment for Royalty Fees, advertising contributions, amounts due for purchases by Franchisee from Franchisor and any other amounts which Franchisee owes to Franchisor. Every week, Franchisee shall make deposits to the account sufficient to cover amounts owed to Franchisor for Royalty Fees, advertising contributions, and other monies owed to Franchisor. Deposits for all other amounts owed to Franchisor shall be in accordance with the procedures set forth in the Manual.

XI. ACCOUNTING AND RECORDS AND TECHNOLOGY

A. During the term of this Agreement, Franchisee shall maintain and preserve, for the time period specified in the Manual, full, complete and accurate books, records and accounts in accordance with the standard accounting system prescribed by Franchisor in the Manual or otherwise in writing. Franchisee shall retain, for a period of five (5) years thereafter or such longer period as may be prescribed by law, all books and records related to the Franchised Restaurant including, without limitation, sales checks, purchase orders, invoices, payroll records, customer lists, check stubs, sales tax records and returns, cash receipts and disbursement journals and general ledgers.

B. Simultaneously with Franchisee's Royalty Fee payment, Franchisee shall submit a weekly sales summary signed by Franchisee, on a form prescribed by Franchisor, reporting all Gross Sales for the immediately preceding week, and such additional financial information as Franchisor may from time to time reasonably request.

C. Within forty-five (45) days following the end of each calendar quarter during the term hereof, Franchisee shall submit to Franchisor financial statements for the preceding quarter, including a balance sheet and profit and loss statement, prepared in the form and manner specified by Franchisor and in accordance with generally accepted accounting principles.

D. Within seventy-five (75) days following the end of each of calendar year, Franchisee shall submit to Franchisor an unaudited annual financial statement prepared in accordance with generally accepted accounting principles, and in such form and manner prescribed by Franchisor, which shall be certified by Franchisee, to be accurate and complete.

E. Franchisor will furnish to Franchisee the standard reporting forms and charts of accounts that are required to be used by Franchisee. Franchisor shall use its reasonable efforts to maintain all financial information received from Franchisee in confidence; provided, however, that Franchisor shall have the right to use and disclose such information to third parties, including the public, as long as the identity of Franchisee and the location of its Franchised Restaurant are not divulged or disclosed.

F. Franchisee shall submit to Franchisor such other periodic reports, forms and records as specified, in the manner and at the time specified in the Manual or as Franchisor shall otherwise require in writing from time to time.

G. The Manual does not presently require the use of facsimile equipment or computerized cash registers or record keeping facilities. If Franchisor subsequently establishes a requirement to use same, Franchisee must, as soon as reasonably practicable, purchase or lease, and thereafter install, use, maintain and upgrade such computer facilities, facsimile equipment, hardware, software and other such equipment, for the purpose of performing cash register, bookkeeping, computerized polling of sales, accounting or other functions related to the operation of the Franchised Restaurant. All such computer facilities, facsimile equipment, hardware, software and other equipment must be compatible with Franchisor's system as modified from time to time and must meet and be maintained in compliance with Franchisor's specifications therefor as set forth in the Manual.

H. Until and unless Franchisee is required to use a computerized cash register as described above, Franchisee must cause all sales to be registered upon an electronic non resettable cash register of the type and having the characteristics specified by Franchisor, and must provide Franchisor access to permit reading of the running total of said cash register at any time or times at Franchisor's sole discretion. Franchisee must repair all malfunctions immediately and must follow Franchisor's policies and procedures as established from time to time during any period during which the cash register is not fully operational. Franchisee must provide Franchisor with the serial number of each such cash register prior to using same and must keep and preserve all cash register tapes, tape readings, and other mechanical or electronic recordations of cash register readings, for such period of time and in such manner as Franchisor may from time to time prescribe.

I. Franchisor or its designated agents shall have the right at all reasonable times to examine and copy, at its expense, the books, records and tax returns of Franchisee. Franchisor shall also have the right, at any time, to have an independent audit made of the books and records of Franchisee at Franchisor's expense. If an inspection should reveal that any payments due to Franchisor have been understated in any report to Franchisor, then Franchisee shall immediately pay to Franchisor the amount understated upon demand, in addition to interest from the date such amount was due until paid, at the maximum rate permitted by law. If an inspection discloses an understatement in any report of two percent (2%) or more, Franchisee shall, in addition, reimburse Franchisor for any and all costs and expenses connected with the inspection (including, without limitation, reasonable accounting and attorneys' fees). The foregoing remedies shall be in addition to any other remedies Franchisor may have.

J. Franchisee acknowledges that nothing contained herein constitutes Franchisor's agreement to accept any payments after same are due or a commitment by Franchisor to extend credit to or otherwise finance Franchisee's operation of the Franchised Restaurant. Further, Franchisee acknowledges that its failure to pay all amounts when due shall constitute a material default of and grounds for termination of this Agreement.

K. Franchisor shall have the right to specify or require that certain brands, types, makes, and/or models of communication, information technology and/or computer hardware and software and related equipment used by the Franchisee, including without limitation menu boards, back office and point-of-sale systems (including but not limited to food cost management, supply management and labor management systems) and anti-virus software ("Required Software"), camera/surveillance systems, communication (headsets), music systems, kitchen production system, computer network, printers and other peripheral hardware or devices; archival back-up systems, broadband access specifications including mode and speed, the tangible media upon which Franchisee shall record data; the database file structure for the point of sale system, and similar hardware, software or devices designed to enhance the efficiency of restaurant operations (collectively, the "Required Technology").

Franchisor shall have the right, but not the obligation, to develop or have developed for it, or to designate:

(i) the Required Software, which Franchisee shall install at its expense;

(ii) updates, supplements, modifications, or enhancements to the Required Software, which Franchisee shall install at its expense;

(iii) the tangible media upon which Franchisee shall record data; and

(iv) the database file structure of the Required Technology.

Franchisee shall purchase the Required Technology from Franchisor or its Affiliates, or other vendors which Franchisor may approve in its sole discretion. While Franchisor shall not be required to approve an alternate vendor for the Required Technology as a condition to approving any new vendor, Franchisor may require that Franchisee pay:

(i) all costs and expenses related to Franchisor's testing and evaluation of the alternate supplier of the proposed Required Technology; and

(ii) Franchisor's then-current hourly rate for Franchisor's custom integration work or services required for Franchisor to retrieve or supply financial and operational data related to the Franchised Restaurant operations for such non-standard Required Technology. Franchisee acknowledges and agrees that the expenses set forth in this subsection (ii) will not be limited to a one-time fee, as the integration work will be required through the duration of the use of such non-standard Required Technology.

Franchisor shall have the right at any time to remotely retrieve via electronic data transfer ("Polling") and use such data and information from Franchisee's point of sale system and back-office systems as Franchisor deems necessary or desirable. Franchisor reserves the right to collect (via broadband access) Franchisee's point of sale data, food cost and labor data in order to compile sales data, consumer trends, food and labor costs, and other such financial and marketing information as Franchisor deems appropriate, and Franchisee acknowledges and agrees that Franchisor may distribute this data to other franchisees or third parties on a confidential basis. Franchisee agrees to set up the systems to maintain and facilitate such Polling at all times during the term of this Agreement and failure to do so except for temporaroy disruptions beyond Franchisee's reasonable control shall be deemed an event of default hereunder.

Franchisee expressly agrees to strictly comply with Franchisor's standards and specifications for all items associated with Franchisee's Required Technology in accordance with Franchisor's standards and specifications. Franchisee agrees, at its own expense, to keep the Required Technology in good maintenance and repair and install such additions, changes, modifications, substitutions, and/or replacements to the Required Technology as Franchisor directs from time to time in writing. Franchisee must obtain annual support contracts with the vendors designated by Franchisor, at Franchisee's expense, which may include support services provided by Franchisor for an additional fee at Franchisor's then-current prices for such support services. Franchisee is solely responsible for protecting itself from viruses, computer hackers and other computer-related problems, and hereby waives any and all claims against Franchisor and its Affiliates relating to or arising out of any harm caused by such computer-related problems. Franchisee must take steps necessary to comply with the "Payment Card Industry Data Security Standard" ("PCI DSS"), must validate compliance with the PCI DSS annually and subject its point of sale network to quarterly vulnerability scans. Also, Franchisee must put in place proper network security measures required by PCI DSS. Franchisor requires that Franchisee purchase PCI DSS validation, vulnerability scanning services, and network security measures from a supplier approved by Franchisor. Franchisee agrees that its compliance with this Section shall be at Franchisee's sole cost and expense.

Franchisee and Franchisor acknowledge and agree that changes to technology are dynamic and not predictable within the term of this Agreement. In order to provide for inevitable but unpredictable changes to technological needs and opportunities, Franchisee agrees that Franchisor shall have the right to establish, in writing, reasonable new standards for the implementation of technology in the System; and Franchisee agrees that it shall abide by those reasonable new standards established by Franchisor as if this Agreement were periodically revised by Franchisor for that purpose, which may require Franchisee to incur costs to purchase, lease or license new or modified computer hardware and software or to obtain service and support for Required Technologys during the term of this Agreement.

XII. STANDARDS OF QUALITY AND PERFORMANCE

A. Franchisee shall comply with all requirements set forth in this Agreement, the Manual and other written policies supplied to Franchisee by Franchisor. Mandatory specifications, standards, operating procedures and rules prescribed from time to time by Franchisor in the Manual or otherwise communicated to Franchisee in writing, shall constitute provisions of this Agreement as if fully set forth herein and shall be reasonably and uniformly applied to all franchisees. All references herein to this Agreement shall include all such mandatory specifications, standards and operating procedures and rules. Franchisee shall comply with the entire System including, but not limited to, the requirements of this Paragraph XII.

B. Franchisee shall maintain the condition and appearance of the Premises consistent with Franchisor's quality controls and standards. Franchisee shall effect such reasonable maintenance of the Franchised Restaurant as is from time to time required to maintain or improve the appearance and efficient operation of the Franchised Restaurant including, but not limited to, replacement of worn out or obsolete fixtures and signs, repair of the exterior and interior of the Premises and purchasing and installation of new or modified equipment. If at any time in Franchisor's judgment the general state of repair or the appearance of the Premises or its equipment, fixtures, signs, decor or uniforms does not meet Franchisor's quality control and standards therefor, Franchisor shall so notify Franchisee, specifying the action to be taken by Franchisee to correct such deficiency. If Franchisee fails or refuses to initiate within thirty (30) days after receipt of such notice, and thereafter continue a bona fide program to complete any required maintenance, Franchisor shall have the right, but not the obligation, in addition to all other remedies, to enter upon the Premises and effect such repairs, painting, maintenance or replacements of equipment, fixtures, signs or uniforms on behalf of Franchisee and Franchisee shall pay the entire costs thereof on demand. Franchisee's obligation to initiate and continue any required maintenance shall be suspended during any period in which such maintenance is impractical due to force majeure.

C. Franchisee shall make no material alterations to the Premises nor shall Franchisee make material replacements of or alterations to the equipment, fixtures or signs of the Franchised Restaurant without the prior written approval by Franchisor.

D. The location of the Franchised Restaurant approved by Franchisor in accordance with Paragraph III. hereof shall be used solely for the purpose of conducting a Franchised Restaurant.

E. Franchisee shall offer for sale and sell at the Franchised Restaurant all types of Menu Items and other categories of food and beverage products that Franchisor from time to time authorizes and shall not offer for sale or sell at the Franchised Restaurant or the Premises, any other category of products or use such Premises for any purpose other than the operation of a Franchised Restaurant in full compliance with this Agreement.

F. In order to ensure that all Menu Items produced by Franchisee meet Franchisor's high standards of taste, texture, appearance and freshness, and in order to protect Franchisor's goodwill and Marks, all Proprietary Products, Menu Items and other food and beverage products shall be prepared only by properly trained personnel strictly in accordance with Franchisor's recipes, cooking techniques and processes as designated by Franchisor in the Manual, and shall be sold only at retail to customers in conformity with Franchisor's marketing plan and concept. Franchisee acknowledges that such recipes, cooking techniques and processes are integral to the System and failure to adhere to such recipes, cooking techniques and processes (including the handling and storage of both ingredients and fully prepared Menu Items) shall be detrimental to the System and Marks.

G. Franchisor may, from time to time throughout the term hereof in Franchisor's sole subjective discretion, require that Franchisee use, offer and/or promote, and maintain in stock at the Franchised Restaurant in such quantities as are needed to meet reasonably anticipated consumer demand, certain proprietary spice mixes, seasonings, flavorings and marinades which are manufactured in accordance with Franchisor's proprietary recipes, specifications and/or formulas ("Proprietary Products"). Franchisee shall purchase Proprietary Products only from Franchisor or Franchisor's designees. Franchisor shall not be obligated to reveal such recipes, specifications and/or formulas of such Proprietary Products to Franchisee, non designated suppliers, or any other third parties. Franchisee, upon providing Franchisor with adequate written notice may, at Franchisee's sole expense, on an annual basis, audit Franchisor's direct cost accounting.

H. Franchisor may designate food products, ingredients, cooking oil, condiments, beverages, fixtures, furnishings, equipment, uniforms, supplies, forms and other products and equipment other than Proprietary Products which Franchisee may or must use and/or offer and sell at the Franchised Restaurant ("Non Proprietary Products"). Franchisee may, but shall not be obligated to, purchase such Non Proprietary Products from Franchisor, if Franchisor supplies same. Franchisee may use, offer or sell only such Non Proprietary Products that Franchisor has expressly authorized, or that were purchased or obtained from Franchisor or a supplier designated or approved by Franchisor pursuant to Subparagraph I. below. Notwithstanding the foregoing, Franchisor will provide a minimum of two (2) product brands, if available, or specifications for each Non-Proprietary Product.

I. Franchisee may purchase authorized Non Proprietary Products from (i) Franchisor; (ii) suppliers designated by Franchisor; or (iii) suppliers selected by Franchisee and approved in writing by Franchisor prior to Franchisee's making such purchase(s). With respect to each such supplier designated or approved by Franchisor, such supplier shall have demonstrated to Franchisor's reasonable satisfaction:

1. Its ability to supply a Non Proprietary Product meeting Franchisor's specifications which may include, without limitation, specifications as to brand name, contents, quality, and compliance with governmental standards and regulations; and

2. Its reliability with respect to the consistent quality of its products or services.

In the event that Franchisee should desire to procure any authorized Non Proprietary Products from a supplier other than Franchisor or a supplier previously approved or designated by Franchisor, Franchisor shall, upon Franchisee's request, furnish to Franchisee specifications for such Non Proprietary Products if such are not contained in the Manual. Franchisee shall thereafter deliver written notice to Franchisor of Franchisee's desire to seek approval of such supplier, which notice shall: (i) identify the name and address of such supplier; (ii) contain such information as may be requested by Franchisor or required to be provided pursuant to the Manual; and (iii) identify the authorized Non Proprietary Products desired to be purchased from such supplier.

Franchisor may thereupon request that the proposed supplier furnish Franchisor, at no charge, product samples, specifications and such other information as Franchisor may require. Should Franchisor not deliver to Franchisee, within thirty (30) business days after Franchisor has received such notice and all information and other items requested by Franchisor in order to evaluate the proposed supplier, a written statement of disapproval with respect to such supplier, it shall be deemed that such supplier is approved by Franchisor as a supplier of the authorized Non Proprietary Products described in such notice until such time as Franchisor may subsequently withdraw such approval. As a further condition of such approval, Franchisor may require such supplier to agree in writing: (i) to provide, from time to time, upon Franchisor's request, free samples of any Non Proprietary Product it intends to supply to Franchisee; (ii) to faithfully comply with Franchisor's specifications for applicable Non Proprietary Products sold by it; and (iii) that it shall sell any Non Proprietary Product bearing Franchisor's Trademarks only to Franchisor's franchisees and only pursuant to a Trademark License Agreement in a form prescribed by Franchisor.

Franchisee shall reimburse Franchisor for all product testing costs paid by Franchisor to third parties in determining whether to approve a supplier selected by Franchisee.

J. Franchisor may, from time to time, authorize Franchisee to test market products and/or services in connection with the operation of the Franchised Restaurant. Franchisee agrees to cooperate with Franchisor in connection with the conduct of such test marketing programs and agrees to comply with Franchisor's rules and regulations established from time to time in connection herewith.

K. Franchisee acknowledges that the Franchised Restaurant shall at all times maintain an inventory of ingredients, food and beverage products and other products, materials and supplies that shall permit operation of the Franchised Restaurant at maximum capacity.

L. Franchisee shall operate the Franchised Restaurant in strict compliance with all applicable laws, rules and regulations of all governmental authorities, shall comply with all applicable wage, hour, and other laws and regulations of the federal, state or local governments (including any and all licensing requirements), and shall prepare, file and retain all necessary tax returns, and pay promptly all taxes imposed upon Franchisee or upon Franchisee's Franchised Restaurant or property. Franchisee shall timely file all fictitious business name statements and similar submissions required by any law, rule or regulation of any federal, state, or local government in connection with Franchisee's use of Franchisor's Trademarks.

M. Franchisee shall refrain from any merchandising, advertising or promotional practice which is unethical or may be injurious to the business of Franchisor and/or other Franchised Restaurants or to the goodwill associated with the Marks.

N. In the operation of the Franchised Restaurant, Franchisee shall use only displays, trays, napkins, boxes, bags, labels, forms and other paper and plastic products imprinted with the Marks and colors as prescribed from time to time by Franchisor and shall purchase such items only from such third parties licensed by Franchisor to duplicate the Marks on such items.

O. During the term of this Agreement, Franchisee, or a manager acceptable to Franchisor, shall, except as otherwise expressly agreed to by Franchisor in writing, devote his full time and best efforts exclusively to the operation of the Franchised Restaurant. If Franchisee is a corporation, limited liability company or a general or limited partnership, Franchisee shall select a full-time manager acceptable to Franchisor in Franchisor's sole discretion to devote his or her full time and best efforts to the Franchised Restaurant. It is understood and agreed by the parties hereto that the Franchised Restaurant shall be operated such minimum hours and days established by Franchisor from time to time, but in any event during not less than the hours and days during which other restaurants in Franchisee's vicinity are typically open and operating.

P. Franchisee shall not install or maintain on the Premises, any newspaper racks, video games, juke boxes, gaming machines, gum machines, games, rides, vending machines or other similar devices without the written approval of Franchisor.

Q. Franchisee is required to join a franchisee organization which is approved by Franchisor and will be required to pay the required dues to that organization in order to maintain Franchisee's membership.

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

S. In addition to all other payments required pursuant to this Agreement, Franchisee shall pay to Franchisor, or its Related Entities, as applicable, promptly when due:

1. The amount of all sales taxes, use taxes, personal property taxes and similar taxes, if any, imposed upon Franchisee and required to be collected or paid by Franchisor on account of goods or services furnished by Franchisee for sale, lease or otherwise on account of Royalty Fees or Franchise Fees collected by Franchisor from Franchisee;

2. All amounts paid or advanced by Franchisor on behalf of Franchisee, of which Franchisor has become obligated to pay on behalf of Franchisee, for any reason whatsoever; and

3. All sums due on account of the purchase of products or services supplied by Franchisor to Franchisee.

T. Franchisee must install all vending machines, video games, jukeboxes, gum or candy machines, pinball machines, rides or other similar devices ("Vending Machines") as Franchisor may require from time to time, except as prohibited by applicable law. Franchisee is responsible for ensuring that its lease agreement will allow installation of Vending Machines. Franchisee shall not install any Vending Machines without Franchisor's prior written approval, which may be withheld in Franchisor's sole discretion. Franchisee acknowledges and agrees Franchisor shall have the right to require Franchisee to contract with designated vendors or suppliers of Vending Machines, which may include Franchisor and/or its affiliates. In lieu of collecting Royalty and Marketing Fees from the sales of Vending Machines, Franchisor shall have the right to receive seven percent (7%) of the Gross Receipts from Vending Machine sales directly from the vendor on a monthly basis.

XIII. FRANCHISOR'S OPERATIONS ASSISTANCE

A. Franchisor may periodically set a maximum price that Franchisee may charge for a product or service. If Franchisor imposes such a maximum price for any product or service, Franchisee may charge any price for the product or service up to and including the maximum price Franchisor imposes.

B. Upon commencement of operation of the Franchised Restaurant and during the term of this Agreement, Franchisor shall provide to Franchisee the following:

1. A comprehensive list of established sources of equipment, foods, supplies and containers necessary for the operation of the Franchised Restaurant and provide specifications for such products;

2. Coordination of product distribution for local, regional and national suppliers;

3. Regulation of quality standards and products in conformance throughout the network of Franchised Restaurants;

4. Coordination of Advertising Materials and strategies;

5. Negotiation of group rates for purchases of products and materials as Franchisor deems necessary and appropriate; and

6. Ongoing training and support.

C. Franchisor shall furnish Franchisee with such assistance in connection with the operation of the Franchised Restaurant as is reasonably determined to be necessary by Franchisor from time to time. Operations assistance may consist of advice and guidance with respect to:

1. Proper utilization of procedures by the Franchised Restaurant regarding the service and sale of all Menu Items, other food and beverage items and related items and materials as approved by Franchisor;

2. Additional products and services authorized for sale from Franchised Restaurants;

3. Purchase of ingredients and other food and beverage items, materials and supplies;

4. The institution of proper administrative, bookkeeping, accounting, inventory control, supervisory and general operating procedures for the effective operation of the Franchised Restaurant;

5. Advertising and promotional programs; and

6. Ongoing research and development of new procedures and techniques, new products and materials and other enhancements to the System.

D. Franchisor shall have the right from time to time, and without prior notice to Franchisee, to send representatives to the Franchised Restaurant, to inspect Franchisee's operations, business methods, service, management, financial records and administration, and to determine the quality thereof and the faithfulness of Franchisee's compliance with the provisions of this Agreement and the Manual, and Franchisee shall cooperate fully with Franchisor and Franchisor's representatives and agents with respect to such inspections. Franchisee shall permit Franchisor and Franchisor's representatives or agents to copy, examine or audit, physically or by electronic or other methods, with or without notice, the computers, books of accounts, bank statements, check stubs, customer invoices, documents, records, papers, and federal, state and local tax return records ("Financial Records") of Franchisee at any time or times. Upon fifteen (15) days prior notice, Franchisee shall deliver all Financial Records to Franchisor or its representatives at such location as Franchisor may designate. Upon Franchisor's request, Franchisee shall permit Franchisor and Franchisor's agents to temporarily remove such Financial Records to Franchisor's offices for copying, review, and/or audit. Franchisor shall bear the cost of all such inspections, provided that if any such inspection discloses that Franchisee has failed to comply with any provision of this Agreement or the Manual in a manner that would permit Franchisor to terminate this Agreement if uncured, the direct costs of such inspections shall be borne by Franchisee.

E. Franchisor shall also have the right to employ mystery shoppers to dine in and review the Franchised Restaurant. Franchisee will reimburse Franchisor for the cost of engaging the mystery shopper, including, but not limited to handling expenses, and the cost of the meal.

F. All of the specifications, Approved Suppliers Lists, Approved Supplies Lists, training and operations manuals to be provided by Franchisor to Franchisee pursuant to this Agreement shall be delivered upon satisfactory completion of Franchisee's initial training.

XIV. INSURANCE

A. Franchisee shall procure, at its expense, and maintain in full force and effect during the term of this Agreement, an insurance policy or policies protecting Franchisee, Franchisor and their respective officers, directors and employees against any loss, liability, personal injury, death, property damage or expense whatsoever arising or occurring upon or in connection with the Franchised Restaurant, as Franchisor may reasonably require for its own and Franchisee's protection. Franchisor shall be named an additional insured in such policy or policies.

B. Such policy or policies shall be written by an insurance company licensed in the state in which Franchisee operates and having at least an "A" Rating Classification as indicated in Best's Key Rating Guide in accordance with standards and specifications set forth in the Manual or otherwise in writing and shall include, at a minimum (except as different coverages and policy limits may reasonably be specified for all franchisees from time to time by Franchisor in the Manual or otherwise in writing), the following:

1. Special cause of loss of property insurance shall be secured on the Franchised Restaurant and all fixtures, equipment, supplies, products and other property used in the operation of the Franchised Restaurant (which coverage may include flood and/or earthquake coverage where applicable, and theft insurance) for full repair and replacement value without any applicable co-insurance clause, except that an appropriate deductible clause shall be permitted.

2. Workers' compensation and employer's liability insurance, as well as such other insurance as may be required by statute or rule of the state in which the Franchised Restaurant is located and operated.

3. Comprehensive general liability insurance and product liability insurance including a per premises aggregate with the following coverages: broad form contractual liability, personal and advertising injury; and products/completed operation insuring Franchisor and Franchisee against all claims, suits, obligations, liabilities and damages, including attorneys' fees, based upon or arising out of actual or alleged personal injuries or property damage resulting from, or occurring in the course of, or on or about or otherwise relating to the Franchised Restaurant including General Aggregate coverage in the following limits:

ed Coverage	Minimum Limits of Coverage
General Aggregate	$2,000,000.00
Products/Completed Operations Aggregate	$2,000,000.00
Personal and Advertising Injury	$1,000,000.00
Each Occurrence	$1,000,000.00
Excess/Umbrella Insurance	$1,000,000.00
Fire Damage (any one fire)	$100,000.00
Medical Expense (any one person)	$5,000.00
After Medical Expense (any one person)	$5,000.00

The amounts required herein may be modified from time to time by Franchisor to reflect inflation or future experience with claims.

4. Business interruption insurance for actual losses sustained.

5. Automobile liability insurance, including owned, hired and non-owned vehicle coverage, with a combined single limit of at least ONE MILLION DOLLARS ($1,000,000.00).

6. Such insurance and types of coverage as may be required by the terms of any lease for the Franchised Restaurant, or as may be required from time to time by Franchisor.

C. The insurance afforded by the policy or policies respecting liability shall not be limited in any way by reason of any insurance which may be maintained by Franchisor. Within ninety (90) days of the signing of this Agreement, but in no event later than the date on which Franchisee acquires an interest in the real property from which it shall operate the Franchised Restaurant, a Certificate of Insurance showing compliance with the foregoing requirements shall be furnished by Franchisee to Franchisor for approval. Such certificate shall state that said policy or policies shall not be canceled or amended without at least thirty (30) days prior written notice to Franchisee and Franchisor. Franchisee shall give written notice to Franchisor that payment has been made on all applicable policies. Maintenance of such insurance and the performance by Franchisee of the obligations under this Paragraph XIV. shall not relieve Franchisee of liability under the indemnity provision set forth in this Agreement. Minimum limits as required above may be modified from time to time, as conditions require, by written notice to Franchisee.

D. Should Franchisee for any reason not procure and maintain such insurance coverage as required by this Agreement, Franchisor shall have the right and authority (without, however, any obligation to do so) to immediately procure such insurance coverage and to charge same to Franchisee, which charges, together with a reasonable fee for expenses incurred by Franchisor in connection with such procurement, shall be payable by Franchisee immediately upon notice.

XV. COVENANTS

A. Unless otherwise specified, the term "Franchisee" as used in this Paragraph XV. shall include, collectively and individually, all officers, directors and holders of a beneficial interest, at any time during the term of this Agreement, of five percent (5%) or more of the securities of Franchisee and of any corporation directly or indirectly controlling Franchisee, if Franchisee is a corporation; the general partners and any limited partner (including any corporation and the officers, directors, and holders of a beneficial interest of five percent [5%] or more of the securities of a corporation which controls, directly or indirectly, any general or limited partner), if Franchisee is a partnership; and any member, manager or governor owning five percent (5%) or more of the membership interests if Franchisee is a limited liability company.

B. Franchisee covenants that during the term of this Agreement, except as otherwise approved in writing by Franchisor, Franchisee (if Franchisee is an individual), a shareholder of a beneficial interest of fifty-one percent (51%) or more of the securities of Franchisee (if Franchisee is a corporation), a manager, member or governor owning fifty-one percent (51%) or more of the membership interests of Franchisee (if Franchisee is a limited liability company), a general partner of Franchisee (if Franchisee is a partnership) or Franchisee's manager shall devote full-time energy and best efforts to the management and operation of the Franchised Restaurant.

C. If Franchisee is a corporation, limited liability company, or partnership, each of Franchisee's shareholders, members or partners shall, by executing this Agreement, be jointly and severally liable for the performance by Franchisee of all of Franchisee's obligations hereunder. In addition, Franchisee, if a corporation, shall cause all of Franchisee's shareholders, upon Franchisor's request, to execute Franchisor's standard form of Guaranty, undertaking to personally be bound, jointly and severally, by all provisions of this Agreement and any ancillary agreements between Franchisor and Franchisee. Franchisee and its shareholders agree to sign and deliver to Franchisor revised versions of Exhibit C attached hereto to reflect any changes in the information that Exhibit C contains.

D. During the term hereof, neither Franchisee, Franchisee's spouse, nor any officer, director, shareholder, member or general partner of a corporate, limited liability company, or partnership franchisee, shall either directly or indirectly, own, operate, advise, be employed by, or have any interest in any business that features the sale of steak and/or features a food bar, within twenty-five (25) miles from the location, any Franchised Restaurant or any other Western Sizzlin restaurant, during the term of this Agreement, unless Franchisor shall consent thereto in writing.

E. During the one (1) year period after the expiration or termination hereof, for any reason, neither Franchisee, nor any officer, director, shareholder, member or general partner of a corporate, limited liability company, or partnership franchisee, shall, either directly or indirectly, own, operate, advise, be employed by, or have any interest in any business that features the sale of steak and/or features a food bar, within twenty-five (25) miles from the location of any then existing Franchised Restaurant or any other Western Sizzlin restaurant, without Franchisor's prior written consent. In applying for such consent, Franchisee will have the burden of establishing that any such activity will not involve the use of benefits provided under this Agreement or constitute unfair competition with Franchisor or franchisees.

F. During the one (1) year period or period allowed by existing state statute, whichever is longer, after the expiration or termination hereof, for any reason, neither Franchisee, nor any officer, director, shareholder, member or general partner of a corporate, limited liability company, or partnership franchisee, shall be allowed to do any of the following:

1. Either directly or indirectly, own, operate, advise, be employed by, or have any interest in any business that features the sale of steak and/or features a food bar, within the territory as identified in Exhibit A of this Franchise Agreement.

2. Either sell, lease or sublease the restaurant or location identified in this Agreement to any business that features the sale of steak and/or features a food bar.

G. Franchisee shall not divulge to any person, partnership, corporation, limited liability company, or any other entity, any information, Trade Secrets, ingredients, recipes, cooking techniques and processes used in the Proprietary Products, Menu Items and other food and beverage products used in the System or any information stated in the Manual.

H. Each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Paragraph XV. is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which Franchisor is a party, Franchisee shall be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Paragraph XV.

I. Franchisee understands and acknowledges that Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Paragraph, or any portion thereof, without Franchisee's consent, effective immediately upon receipt by Franchisee of written notice thereof, and Franchisee shall comply forthwith with any covenant as so modified, which shall be fully enforceable notwithstanding the provisions of Paragraph XXVII. hereof.

J. Franchisor shall have the right to require all of Franchisee's officers, directors, shareholders, general partners, members, limited partners, personnel performing managerial or supervisory functions and all personnel receiving training from Franchisor, to execute similar covenants in a form satisfactory to Franchisor.

XVI. DEFAULT AND TERMINATION

A. Franchisor may terminate this Agreement only upon fifteen (15) days prior written notice to Franchisee setting forth the complaint of material breach for the following breaches: (i) Franchisee's failure to pay any of the sums due Franchisor, A.D.R.F., or a recognized franchisee association hereunder; or (ii) Franchisee's failure to comply with mandatory specifications in the Franchise Agreement except those non-curable defaults set forth in Section XVI.B. below. Said notice period, as well as all other notices herein, shall be deemed to be inclusive of any longer notice periods required by law. If Franchisee shall cure said breach, prior to the end of such period, Franchisee's right to terminate this Agreement shall cease with respect to that particular event of default. If, because of the nature of said breach, Franchisee shall be unable to cure the same within said fifteen (15) day period, Franchisee shall be given such additional time as shall be reasonably necessary within which to cure said breach, upon the condition that Franchisee shall, upon receipt of such notice from Franchisor, immediately commence to cure such breach and continue to use Franchisee's best efforts to do so. The description of any default in any notice served by Franchisor hereunder shall in no way preclude Franchisor from specifying additional or supplemental defaults in any action, arbitration, hearing or suit relating to this Agreement or the termination thereof.

B. Franchisor shall have the right to terminate this Agreement without prior notice to Franchisee upon the occurrence of any or all of the following events, each of which shall be deemed an incurable breach of this Agreement:

1. "Abandonment" –

a. Franchisee's failure, at any time during the term of this Agreement, to keep the Franchised Restaurant open and operating for business for a period of five (5) consecutive days, except as provided in the Manual;

b. Franchisee's failure to keep the Franchised Restaurant open and operating for any period after which it is not unreasonable under the facts and circumstances for Franchisor to conclude that Franchisee does not intend to continue to operate the franchise, unless such failure to operate is due to fire, flood, earthquake, or other similar causes beyond Franchisee's control; or

c. Franchisee's failure to actively and continuously maintain and answer Franchisee's telephone.

2. "Bankruptcy and Insolvency" –

a. Franchisee is adjudicated bankrupt or judicially determined to be insolvent (subject to any contrary provisions of any applicable state or federal laws); admits its inability to meet its financial obligations as they become due; or makes a disposition for the benefit of its creditors;

b. Franchisee allows a judgment against it in the amount of more than ONE THOUSAND DOLLARS ($1,000.00) to remain unsatisfied for a period of more than thirty (30) days;

c. The Franchised Restaurant is seized, taken over or foreclosed by a government official in the exercise of his duties; or seized, taken over, or foreclosed by a creditor or lienholder provided that a final judgment against Franchisee remains unsatisfied for thirty (30) days (unless a supersedeas or other appeal bond has been filed or execution is otherwise stayed);

d. A levy of execution of attachment has been made upon the license granted by this Agreement or upon any property used in the Franchised Restaurant, and such levy is not discharged or execution thereof is stayed by the filing of a bond or otherwise stayed except by way of bankruptcy within five (5) days of such levy or attachment;

e. Franchisee permits any mechanics lien to attach to the Franchised Restaurant or to any equipment which is not discharged or bonded against within fifteen (15) days from the filing thereof; or

f. Franchisee allows or permits any judgment to be entered against Franchisor or its Related Entities, arising out of or relating to the operation of Franchisee's Franchised Restaurant and if any such judgment is entered by a court and remains unsatisfied for thirty (30) days unless a supersedeas or other appeal bond is filed or execution is otherwise stayed except by way of bankruptcy.

3. "Criminal Acts" –

a. Franchisee is convicted of any felony, or any criminal misconduct relevant to the operation of the Franchised Restaurant; or

b. Franchisee is convicted of or pleads no contest to a felony or other crime or offense that is likely to adversely affect its reputation or the reputation of the Franchised Restaurant.

4. "Knowing Underreporting" – An audit or investigation conducted by Franchisor discloses that Franchisee has knowingly understated its Gross Sales by more than two percent (2%) or withheld the reporting of same as herein provided, and Franchisee is unable to demonstrate that such understatements resulted from inadvertent error.

5. "Repeated Defaults" – Franchisee defaults in any material obligation as to which it has previously received a notice of default from Franchisor within the preceding twelve (12) months.

6. "Misrepresentation" – Franchisee makes any material misrepresentations relating to the acquisition of the Franchised Restaurant or engages in conduct which reflects materially and unfavorably upon the operation and reputation of the Franchised Restaurant or System.

7. "Violation of Law" – Franchisee fails, for a period of ten (10) days after having received notification of noncompliance from Franchisor or any governmental or quasi governmental agency or authority, to comply with any federal, state or local law or regulation applicable to the operation of the Franchised Restaurant.

8. "Training" - Franchisee fails to satisfactorily complete the training program as provided in Paragraph IV. of this Agreement.

9. "Unauthorized Use of Operations Manual" - Franchisee makes any unauthorized use, disclosure or duplication of any portion of the Manual or duplicates or discloses or makes any unauthorized use of any trade secret or confidential information provided to Franchisee by Franchisor.

10. "Unauthorized Transfer" - Franchisee surrenders or transfers control of the operation of the Franchised Restaurant, makes an unauthorized direct or indirect assignment of the franchise or an ownership interest in it or fails or refuses to assign the franchise or the interest in Franchisee of a deceased or disabled controlling owner thereof as herein required.

11. "Unauthorized Use of the Trademarks" - Franchisee materially misuses or makes an unauthorized use of any of the Trademarks or commits any other act which can reasonably be expected to materially impair the goodwill associated with any of the Trademarks.

12. "Late Reporting and Payments" - Franchisee fails on two (2) or more separate occasions within any period of twelve (12) consecutive months to submit when due reports or other information or supporting records, to pay when due the Royalty Fee, advertising contributions, amounts due for purchases from Franchisor or other payments due to Franchisor, or otherwise fails to comply with this Agreement, whether or not such failures to comply are corrected after notice thereof is delivered to Franchisee.

13. "Default Under Other Agreements" - Any default by Franchisee of Franchisee's obligations under any other agreement between Franchisor and Franchisee shall be deemed to also constitute a breach of this Agreement.

C. Any default by Franchisee under the terms and conditions of this Agreement or any other agreement between Franchisor or A.D.R.F. and Franchisee, which is so material as to permit Franchisor to terminate this Agreement or said other agreement, or a default by Franchisee of Franchisee's obligations to A.D.R.F. or any Advertising Cooperative of which Franchisee is a member, and which is not cured within any applicable cure period shall be deemed to be a default of each and every said agreement. Furthermore, in the event of termination, for any cause, of this Agreement or any other agreement between the parties hereto, Franchisor may, at its option, terminate any or all said agreements.

D. If Franchisee elects to terminate the Franchise Agreement under this Paragraph, Franchisee must, within ten (10) days of such termination, cease all use of Franchisor's trademarks, service marks, methods of operation, trade secrets, confidential business information, Advertising Materials and objects displaying Franchisor's Marks.

E. Notwithstanding anything to the contrary contained in this Paragraph XVI., in the event any valid, applicable law or regulation of a competent governmental authority having jurisdiction over this Agreement and the parties hereto shall limit Franchisor's rights of termination hereunder or shall require longer notice periods than those set forth above, this Agreement shall be deemed amended to conform to the minimum notice periods or restrictions upon termination required by such laws and regulations. Franchisor shall not, however, be precluded from contesting the validity, enforceability or application of such laws or regulations in any action, arbitration, hearing or dispute relating to this Agreement or the termination thereof.

F. In addition to Franchisor's right to terminate this Agreement and not in lieu of such right or any other rights against Franchisee, Franchisor, in the event that Franchisee shall not have cured a default under this Agreement within the twenty (20) business days after receipt of a written notice to cure from Franchisor, may, at its option, enter upon the Premises and exercise complete authority with respect to the operation of the Franchised Restaurant until such time as Franchisor determines that the default of Franchisee has been cured and that there is compliance with the requirements of this Agreement. Franchisee specifically acknowledges that a designated representative of Franchisor may take over, control and operate the Franchised Restaurant, and that Franchisee shall pay Franchisor the then-current service fee, as published in the Manual, plus all travel expenses, room and board and other expenses reasonably incurred by such representative, so long as it shall be required by the representative to enforce compliance herewith. Franchisee further acknowledges that if, as herein provided, Franchisor temporarily operates for Franchisee the Franchised Restaurant, Franchisee shall indemnify and hold harmless Franchisor and any representative of Franchisor who may act hereunder, respecting any and all acts and omissions which Franchisor may perform, or fail to perform as regards the interests of Franchisee or third parties.

G. If Franchisee fails to operate according to standards outlined herein and forces Franchisor to disenfranchise Franchisee for failing to operate according to those standards already outlined or for nonpayment, then the terms outlined in Paragraph XVI.D. shall apply.

XVII. RIGHTS AND DUTIES OF PARTIES UPON EXPIRATION OR TERMINATION

Upon termination or expiration, this Agreement and all rights granted hereunder to Franchisee shall forthwith terminate, and:

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

B. Upon demand by Franchisor, Franchisee shall assign to Franchisor Franchisee's interest in any lease then in effect for the Premises, and Franchisee shall furnish Franchisor with evidence satisfactory to Franchisor of compliance with this obligation within thirty (30) days after termination or expiration of this Agreement.

C. Franchisee shall immediately and permanently cease to use, by advertising or in any manner whatsoever, any confidential methods, procedures and techniques associated with the System, the Marks, any distinctive forms, slogans, signs, symbols, logos, uniforms, or devices associated with the System. In particular, Franchisee shall cease to use, without limitation, all signs, Advertising Materials, stationery, forms and any other articles which display the Marks associated with the System. Franchisor may execute in Franchisee's name and on Franchisee's behalf any and all documents necessary in Franchisor's judgment to end and cause the discontinuance of Franchisee's use of the Marks and Franchisor is hereby irrevocably appointed and designated as Franchisee's attorney in fact so to do.

D. Franchisee shall take such action as may be necessary to cancel or assign to Franchisor or Franchisor's designee, at Franchisor's option, any assumed name rights or equivalent registration filed with state, city, or county authorities which contains the name of any Franchisor Concept or any Mark. Franchisee shall furnish Franchisor with evidence satisfactory to Franchisor of compliance with this obligation within thirty (30) days after termination or expiration of this Agreement.

E. Franchisee shall, in the event it continues to operate or subsequently begins to operate any other business, not use any reproduction, counterfeit, copy or colorable imitation of the Marks, either in connection with such other business or the promotion thereof, which is likely to cause confusion, mistake or deception, or which is likely to dilute Franchisor's exclusive rights in and to the Marks and shall not utilize any designation of origin or description or representation which falsely suggests or represents an association or connection with Franchisor so as to constitute unfair competition. Franchisee shall make such modifications or alterations to the Premises (including, without limitation, the changing of the telephone and facsimile numbers) immediately upon termination or expiration of this Agreement, as may be necessary to prevent any association between Franchisor or the System and any business thereon subsequently operated by Franchisee or others, and shall make such specific additional changes thereto as Franchisor may reasonably request for that purpose including, without limitation, removal of all distinctive physical and structural features identifying the System. In the event Franchisee fails or refuses to comply with the requirements of this Paragraph XVII., Franchisor shall have the right to enter upon the Premises, without being guilty of trespass or any other tort, for the purpose of making or causing to be made such changes as may be required at the expense of Franchisee, which expense Franchisee shall pay upon demand.

F. Franchisee shall promptly pay all sums owing to Franchisor. In the event of termination for any default of Franchisee, such sums shall include all damages, costs and expenses, including reasonable attorneys' fees, incurred by Franchisor as a result of the default.

G. Franchisee shall pay to Franchisor all damages, costs and expenses, including reasonable attorneys' fees, incurred by Franchisor subsequent to the termination or expiration of the franchise herein granted in obtaining injunctive or other relief for the enforcement of any provisions of this Paragraph XVII. or Paragraph XIV.

H. Franchisee shall immediately turn over to Franchisor all manuals, including the Manual, customer lists, records, files, instructions, brochures, agreements and any and all other materials provided by Franchisor to Franchisee relating to the operation of the Franchised Restaurant (all of which are acknowledged to be Franchisor's property). Under no circumstances shall Franchisee retain any copies of the Manual upon expiration or termination of this Agreement.

I. Franchisor shall have the right, title and interest to any sign or sign faces bearing the Marks. Franchisee hereby acknowledges Franchisor's right to access the Premises should Franchisor elect to take possession of any said sign or sign faces bearing the Marks.

J. Franchisee hereby acknowledges that all telephone and facsimile numbers and Internet and e-mail addresses used in the operation of the Franchised Restaurant constitute assets of the Franchised Restaurant; and upon termination or expiration of this Agreement, Franchisee shall assign to Franchisor or its designee, all Franchisee's right, title and interest in and to Franchisee's telephone numbers and facsimile numbers and Internet and e-mail addresses and shall notify the telephone company and all listing agencies of the termination or expiration of Franchisee's right to use any telephone and facsimile numbers and Internet and e-mail addresses and any regular, classified or other telephone directory listing associated with the Marks and to authorize a transfer of same to or at the direction of Franchisor.

K. Franchisor shall have the right, but not the obligation, to be exercised by notice of intent to do so within thirty (30) days after termination or expiration, to purchase for cash, except as provided in Paragraph XVII.I., any or all assets of the Franchised Restaurant including leasehold improvements, equipment, supplies and other inventory, Advertising Materials and all items bearing the Marks at fair market value. If the parties cannot agree upon the fair market value of the assets, each party shall appoint an independent appraiser, and the two

(2) independent appraisers shall appoint a third independent appraiser. The determination of the majority of the three (3) independent appraisers shall be binding. If Franchisor elects to exercise any option to purchase as herein provided, it shall have the right to set off all amounts due from Franchisee under this Agreement, if any, against any payment therefor.

L. Franchisee shall comply with the covenants contained in Paragraph XV. of this Agreement.

M. The expiration or termination of this Agreement shall be without prejudice to the rights of Franchisor against Franchisee and such expiration or termination shall not relieve Franchisee of any of Franchisee's obligations to Franchisor existing at the time of expiration or termination. Nor shall such expiration or termination terminate those obligations of Franchisee which, by their nature, survive the expiration or termination of this Agreement. It is expressly understood and agreed that the promises and agreements to Franchisee contained in this Agreement, are also for the benefit of Franchisor's Related Entities, and any of them may, in their own names, exercise all rights and remedies necessary or desirable to protect or enforce their respective interest, including, without limitation, obtaining injunctive relief to enforce the obligations of Franchisee set forth in this Agreement.

XVIII. TRANSFERABILITY OF INTEREST

A. Franchisor shall have the right to assign this Agreement and all of its rights and privileges hereunder, to any person, firm, corporation, limited liability company, or other entity provided that, with respect to any assignment resulting in the subsequent performance by the assignee of the functions of Franchisor: (i) the assignee shall, at the time of such assignment, be financially responsible and economically capable of performing the obligations of Franchisor hereunder; and (ii) the assignee shall expressly assume and agree to perform such obligations.

1. Specifically, and without limitation to the foregoing, Franchisee expressly affirms and agrees that Franchisor may sell or pool its assets or stock, the Marks or its System outright to a third party; may go public; may engage in a private placement of some or all of its securities; may merge, acquire other corporations or entities or be acquired by another corporation or entity; may undertake a refinancing, recapitalization, leveraged buy out or other economic or financial restructuring; and, with regard to any or all of the above sales, assignments and dispositions, Franchisee expressly and specifically waives any claims, demands or damages arising from or related to the loss of said Marks (or any variation thereof) and/or the loss of association with or identification of any of Franchisor's Concepts as Franchisor hereunder.

2. Nothing contained in this Agreement shall require Franchisor to remain in the designated business, "Western Sizzlin's Wood Grill Buffet" to franchise or to offer products manufactured by it or any related company, whether or not bearing the Marks, in the event that Franchisor exercises its rights hereunder to assign its rights in this Agreement.

B. This Agreement has been entered into by Franchisor in reliance upon and in consideration of the singular personal skill, qualifications and trust and confidence placed in

Franchisee, or, in the case of a corporate, limited liability company, or general partnership franchisee, the principal officers, members or partners thereof who will actively and substantially participate in the ownership and operation of the Franchised Restaurant. Therefore, neither Franchisee's interest in this Agreement nor any of Franchisee's rights or privileges shall be assigned, transferred, shared or divided, voluntarily or involuntarily, by operation of law or otherwise, in any manner, without the prior written consent of Franchisor and subject to Franchisor's right of first refusal as set forth in Paragraph XX. of this Agreement.

C. Should Franchisor not elect to exercise its right of first refusal, or should such right of first refusal be inapplicable, Franchisor may impose any reasonable condition(s) to the granting of its consent. Without limiting the generality of the foregoing, the imposition of any or all of the following conditions to Franchisor's consent to any assignment shall be deemed to be reasonable:

1. That the assignee (or the principal officers, shareholders, directors, members or general partners of the assignee in the case of a corporate or partnership assignee) demonstrate that it has the skills, qualifications and economic resources necessary,. in Franchisor's judgment, reasonably exercised, to own and operate the Franchised Restaurant contemplated by this Agreement, and by all other agreements between Franchisor and such assignee, and all agreements proposed to be assigned to such assignee;

2. That the assignee expressly assumes in writing for the benefit of Franchisor all of the obligations of Franchisee under this Agreement;

3. That the assignee shall have completed Franchisor's training program to Franchisor's satisfaction, exercised in good faith and paid Franchisor's standard training fee then in effect;

4. That as of the date of any such assignment, the assignor shall have fully complied with all of its obligations to Franchisor, whether under this Agreement or any other agreement, arrangement or understanding with Franchisor;

5. That unless Franchisor agrees otherwise in writing, the assignee shall execute Franchisor's then current franchise agreement;

6. That the lessor, if any, of the location shall have consented to the assignment of the location lease;

7. That the assignee shall have delivered to Franchisor a letter from an independent certified public accountant unaffiliated with it acknowledging, among other things, that such accountant has reviewed the terms of the proposed assignment, transfer or sale with the prospective assignee;

8. That the assignee expressly agree in writing to comply with the non competition covenants set forth in Paragraph XV. hereof and with all other post termination obligations contained herein; and

9. That the assignee shall pay to Franchisor a transfer fee equal to FIVE THOUSAND DOLLARS ($5,000.00) for an existing Franchisee or TEN THOUSAND DOLLARS ($10,000.00) for a new Franchisee for a Franchised Restaurant which is a reasonable amount to cover Franchisor's expenses relating to said assignment. A training fee of TEN THOUSAND DOLLARS ($10,000.00) will be required provided, however, that Franchisor may waive such training fee if the assignment is to an existing Franchisee. Both the transfer fee and the training fee are subject to change as outlined in the Manual.

D. Notwithstanding anything herein to the contrary, in the event of the death or legal incapacity of Franchisee or, in the case of a corporate franchisee, a stockholder owning fifty percent (50%) or more of Franchisee's capital stock or voting power, or in the case of a general partnership, a partner owning fifty percent (50%) or more of the general partnership interest, or in the case of a limited liability company, a member owning fifty percent (50%) or more of the membership interest, the transfer of such stockholder's, member's or partner's interest in this Agreement to its personal representatives or conservators, as applicable, shall not require Franchisor's consent so long as the personal representative or conservator merely possesses the interest pending administration of the estate. Any transfer or distribution to any other party including heirs, devisees and beneficiaries would not give rise to Franchisor's right of first refusal, but would require Franchisor's consent to transfer and transfer fees and training fees would be due and payable.

E. If Franchisee is a corporation or limited liability company, the issuance of any securities by Franchisee, the transfer of fifty percent (50%) or more in the aggregate of the capital stock, membership interests or voting power of Franchisee, by operation of law or otherwise, or any merger, stock redemption, consolidation, reorganization or recapitalization involving Franchisee, shall be deemed to be an assignment of this Agreement within the meaning of this Paragraph XVIII. If Franchisee is a general partnership, the withdrawal of any general partner, admission of any additional general partner, or the transfer of any general partner's interest in the property, management or profits and/or losses of the partnership which results in a change in ownership of fifty percent (50%) or more of the partner's interest in the Franchised Restaurant shall be deemed to be an assignment hereunder.

F. Franchisee shall not in any event have the right to pledge, encumber, hypothecate or otherwise give any third party a security interest in this Agreement or in any trademarks, service marks, or general intangibles in any manner whatsoever without Franchisor's express prior written permission, which permission may be withheld for any reason whatsoever in Franchisor's sole subjective judgment.

G. Franchisor shall have the right, but not the obligation, to furnish any prospective assignee with copies of all financial statements which have been furnished by Franchisee to Franchisor in accordance with this Agreement during the three (3) year period prior to the date of the approval of the proposed assignment, transfer or sale is sought. Franchisor shall also have the right to advise any prospective assignee of any uncured breaches or defaults by assignor under this Agreement, or any other agreement relating to the Franchised Restaurant proposed to be assigned, transferred, or sold. Franchisor's approval of such proposed transaction shall not, however, be deemed a representation or guarantee by Franchisor that the terms and conditions of the proposed transaction are economically sound or that, if the transaction is consummated, the assignee will be capable of successfully conducting the Franchised Restaurant and no inference to such effect shall be made from such approval.

H. Franchisee must promptly ("promptly" herein defined as within fifteen [15] days of receipt of an offer to buy) give Franchisor written notice whenever Franchisee has received an offer to buy Franchisee's franchise. Franchisee must also give Franchisor written notice simultaneously with any offer to sell the franchise made by, for or on behalf of Franchisee. The purpose of this Paragraph XVIII. is to enable Franchisor to comply with any applicable state or federal franchise disclosure laws or rules and to ensure that Franchisor has had an opportunity to approve the transfer. Franchisee shall indemnify and hold harmless Franchisor for Franchisee's failure to comply with this Paragraph XVIII.

I. Franchisee shall not, without prior written consent of Franchisor, place in, on or upon the location of the Franchised Restaurant or in any communication media, any form of advertising relating to the sale of the Franchised Restaurant or the rights granted hereunder.

XIX. DEATH OR INCAPACITY OF FRANCHISEE

A. In the event of the death or incapacity of an individual franchisee, any partner of a Franchisee which is a partnership, any member of a limited liability company owning fifty-one percent (51%) or more of the membership interests of a franchisee which is a limited liability company or any shareholder owning fifty-one percent (51%) or more of the capital stock of a franchisee which is a corporation, the heirs, beneficiaries, devisee, or legal representatives of said individual, partner, member or shareholder shall, within sixty (60) days of such event:

1. Apply to Franchisor for the right to continue to operate the franchise for the duration of the term of this Agreement and any renewals hereof, which right shall be granted upon the fulfillment of all of the conditions set forth in Paragraph XVIII.C. of this Agreement (except that no transfer fee shall be required); or

2. Sell, assign, transfer, or convey Franchisee's interest in compliance with the provisions of Paragraph XVIII. of this Agreement; provided, however, in the event a proper and timely application for the right to continue to operate has been made and rejected, the sixty (60) days to sell, assign, transfer or convey shall be computed from the date of application. For purposes of this Paragraph XIX., Franchisor's silence on an application made through the sixty (60) days following the event of death or incapacity shall be deemed a rejection made on the last day of such period.

B. In the event of the death or incapacity of an individual Franchisee, or any partner, shareholder or member of a Franchisee which is a partnership, corporation or limited liability company, where the aforesaid provisions of Paragraph XVIII. have not been fulfilled within the time provided, all rights licensed to Franchisee under this Agreement shall, at the option of Franchisor, terminate forthwith and automatically revert to Franchisor.

C. For purposes of this Agreement, "incapacity" shall be defined as the inability of Franchisee to operate or oversee the operation of the Franchised Restaurant on a regular basis by reason of any continuing physical, mental or emotional incapacity, chemical dependency or other limitation. Any dispute as to the existence of an incapacity as defined herein shall be resolved by majority decision of three (3) licensed medical physicians practicing in the Metropolitan Statistical Area in which the Franchised Restaurant is located, with each party selecting one (1) physician, and the two (2) physicians so designated selecting the third physician. The determination of the majority of the three (3) physicians shall be binding upon the parties and all costs of making said determination shall be borne by the party against whom it is made.

XX. RIGHT OF FIRST REFUSAL

Except as expressly provided in Paragraphs XVIII. and XIX. to the contrary, any assignment of this Agreement or the franchise location, or any interest herein, shall be subject to Franchisor's right of first refusal with respect thereto. Franchisor's said right of first refusal shall be exercised in the following manner:

A. Franchisee shall deliver to Franchisor a complete copy of a fully executed Agreement, together with all exhibits thereto, and setting forth all of the terms and conditions of the proposed assignment. Additionally, Franchisee shall deliver to Franchisor all available information concerning the proposed assignee, including but not limited to, information concerning the employment history, financial condition, credit history, skill and qualifications of the proposed assignee and, in the case of a partnership or corporate assignee, of its partners and shareholders as applicable.

B. Within thirty (30) days after Franchisor's receipt of such notice (or if Franchisor shall request additional information, within twenty (20) days after receipt of such additional information), Franchisor may either consent or withhold its consent to such assignment, or, at Franchisor's option, accept the assignment to Franchisor or Franchisor's nominees upon the terms and conditions specified in the notice. Franchisor may substitute an equivalent sum of cash for any consideration other than cash specified in said notice.

C. If Franchisor shall elect not to exercise its right of first refusal and shall consent to such assignment, Franchisee may, subject to the provisions of Article XVIII., assign this Agreement to such proposed assignee on the terms and conditions specified in said notice. If, however, Franchisor elects not to exercise its right of first refusal and the terms shall be materially changed, or if more than ninety (90) days shall pass without such assignment occurring, such changed terms or lapse of time shall be deemed a new proposal and Franchisor shall again have such right of first refusal with respect thereto.

XXI. OPERATION IN THE EVENT OF ABSENCE, INCAPACITY OR DEATH

In order to prevent any interruption of the Franchised Restaurant which would cause harm to the Franchised Restaurant and thereby depreciate the value thereof, Franchisee authorizes Franchisor to operate the Franchised Restaurant for so long as Franchisor deems necessary and practical, and without waiver of any other rights or remedies Franchisor may have under this Agreement, in the event that Franchisee is absent or incapacitated by reason of illness or death and is not, in the sole judgment of Franchisor, able to operate the Franchised Restaurant; provided, however, that Franchisor shall not be obligated to so operate the franchise. All monies from the operation of the business during such period of operation by Franchisor shall be kept in a separate account and the expenses of the Franchised Restaurant, including reasonable compensation and expenses for Franchisor's representative, shall be charged to said account. Franchisee shall indemnify and hold harmless Franchisor and any representative of Franchisor who may act hereunder, from any and all claims arising from the operation of the Franchised Restaurant including, without limitation, the acts and omissions of Franchisor and its representative if, as herein provided, Franchisor temporarily operates the Franchised Restaurant for Franchisee.

XXII. INDEPENDENT CONTRACTOR AND INDEMNIFICATION

A. This Agreement does not constitute Franchisee as an agent, legal representative, joint venturer, partner, employee or servant of Franchisor for any purpose whatsoever. Franchisee may not represent to third parties that it is an agent of Franchisor and it is understood between the parties hereto that Franchisee shall be an independent contractor and is in no way authorized to make any contract, agreement, warranty or representation on behalf of Franchisor, or to create any obligation, express or implied, on behalf of Franchisor.

B. Franchisee shall prominently display, by posting a sign within public view, on or in the Premises, a statement that clearly indicates that the Franchised Restaurant is independently owned and operated by Franchisee as a Franchised Restaurant of Franchisor and not as an agent thereof.

C. Franchisee shall defend, at its own cost, and indemnify and hold harmless Franchisor, its shareholders, directors, officers, employees and agents, from and against any and all loss, costs, expenses (including attorneys' fees), damages and liabilities, however caused, resulting directly or indirectly from or pertaining to the use, condition or construction, equipping, decorating, maintenance or operation of the Franchised Restaurant including the sale of any food products, service or merchandise sold from the Franchised Restaurant. Such loss, claims, costs, expenses, damages and liabilities shall include, without limitation, those arising from latent or other defects in the Franchised Restaurant, whether or not discoverable by Franchisor, and those arising from the death or injury to any person or arising from damage to the property of Franchisee or Franchisor, their agents or employees, or any third person, firm or corporation, whether or not such losses, claims, costs, expenses, damages or liabilities were actually or allegedly caused wholly or in part through the active or passive negligence of Franchisor or any of its agents or employees, or resulted from any strict liability imposed on Franchisor or any of its agents or employees.

XXIII. NON-WAIVER

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

XXIV. NOTICES

Any and all notices required or permitted under this Agreement shall be in writing and shall be personally delivered, delivered by messenger or delivery services, mailed by certified mail return receipt requested, or facsimile transmission, and shall be effective when received or confirmation of receipt is acknowledged to the respective parties at the following addresses unless and until a different address has been designated by written notice to the other party:

Notices to Franchisor:	Western Sizzlin Franchise Corporation 89 Summers Way, Suite 103 Roanoke, VA 24019 Facsimile No.: (540) 345-0831
Courtesy Copy to:	__________ __________ __________ __________ Facsimile No.:__________
Notices to Franchisee:	__________ __________ __________ __________ Facsimile No.:__________
Courtesy Copy to:	__________ __________ __________ __________ Facsimile No.:__________

Any notice by certified mail shall be deemed to have been given at the date and time of mailing.

Any party may change its address by giving ten (10) days prior written notice of such change to all other parties.

XXV. COST OF ENFORCEMENT OR DEFENSE

If a claim for amounts owed by Franchisee to Franchisor is asserted in any legal proceeding before a court of competent jurisdiction, or if Franchisor is required to enforce this

Agreement in a judicial proceeding, Franchisor shall be entitled to reimbursement of its costs, including reasonable accounting and legal fees, in connection with such proceeding.

XXVI. APPROVALS

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

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

XXVII. ENTIRE AGREEMENT

This Agreement, any Exhibit attached hereto and the documents referred to herein, shall be construed together and constitute the entire, full and complete agreement between Franchisor and Franchisee concerning the subject matter hereof, and supersede all prior agreements. There are no other oral or written understandings or agreements between the parties relating to the subject matter of this Agreement. Notwithstanding the foregoing, nothing in this Agreement shall disclaim or require Franchisee to waive reliance on any representation that Franchisor made in the most recent disclosure document (including its exhibits and amendments) that Franchisor delivered to Franchisee or its representative. No amendment, change or variance from this Agreement shall be binding on either party unless executed in writing by both parties. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument.

XXVIII. SEVERABILITY AND CONSTRUCTION

A. Each Paragraph, part, term and/or provision of this Agreement shall be considered severable and if, for any reason, any Paragraph, part, term and/or provision herein is determined to be invalid and contrary to or in conflict with any existing or future law or regulation, such shall not impair the operation of or affect the remaining portions, sections, parts, terms and/or provisions of this Agreement, and the latter shall continue to be given full force and effect and bind the parties hereto; and said invalid sections, parts, terms and/or provisions shall be deemed not part of this Agreement.

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

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

D. All captions herein are intended solely for the convenience of the parties, and none shall be deemed to affect the meaning or construction of any provision hereof. The singular usage includes the plural, where appropriate in the context, and the masculine and neuter usages include the other and the feminine.

E. This Agreement may be executed in multiple copies, and each copy so executed shall be deemed an original.

F. The recitals set forth in this Agreement are specifically incorporated into the terms of this Agreement and hereby constitute a part thereof.

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

H. This Agreement shall be binding upon and inure to the benefit of Franchisor's successors and assigns and shall be binding upon and inure to the benefit of Franchisee and Franchisee's heirs, executors, administrators, successors and assigns, subject to the restrictions on assignment contained herein.

I. If Franchisee consists of more than one person or entity, or a combination thereof, the obligations and liabilities of each such person or entity to Franchisor are joint and several.

XXIX. APPLICABLE LAW

A. THIS AGREEMENT TAKES EFFECT UPON ITS ACCEPTANCE AND EXECUTION BY FRANCHISOR IN VIRGINIA AND SHALL BE INTERPRETED, AND CONSTRUED UNDER THE LAWS THEREOF, WHICH LAWS SHALL PREVAIL IN THE EVENT OF ANY CONFLICT OF LAW, EXCEPT (1) TO THE EXTENT GOVERNED BY THE UNITED STATES TRADEMARK ACT OF 1946 (LANHAM ACT, 15, U.S.C. SECTIONS 1051 ET SEQ); (2) ANY VIRGINIA LAW REGULATING THE SALE OF FRANCHISES OR GOVERNING THE RELATIONSHIP OF A FRANCHISOR AND FRANCHISEE WILL NOT APPLY UNLESS ITS JURISDICTIONAL REQUIREMENTS ARE MET INDEPENDENTLY WITHOUT REFERENCE TO THIS PARAGRAPH; AND (3) THE ENFORCEABILITY OF THOSE PROVISIONS OF THIS AGREEMENT WHICH RELATE TO THE RESTRICTIONS ON DEVELOPER AND ITS OWNERS' COMPETITIVE ACTIVITIES WILL BE GOVERNED BY THE LAWS OF THE STATE IN WHICH A MAJORITY OF THE DESIGNATED TERRITORY IS LOCATED.

B. FRANCHISEE ACKNOWLEDGES THAT THIS AGREEMENT IS ENTERED INTO IN ROANOKE CITY, VIRGINIA AND THAT ANY ACTION SOUGHT TO BE BROUGHT BY EITHER PARTY, EXCEPT THOSE CLAIMS REQUIRED TO BE SUBMITTED TO ARBITRATION SHALL BE BROUGHT IN THE APPROPRIATE STATE OR FEDERAL COURT WITH JURISDICTION OVER ROANOKE CITY, VIRGINIA THE

PARTIES DO HEREBY WAIVE ALL QUESTIONS OF PERSONAL JURISDICTION OR VENUE FOR THE PURPOSES OF CARRYING OUT THIS PROVISION.

C. NO RIGHT OR REMEDY CONFERRED UPON OR RESERVED TO FRANCHISOR OR FRANCHISEE BY THIS AGREEMENT IS INTENDED TO BE, NOR SHALL BE DEEMED, EXCLUSIVE OF ANY OTHER RIGHT OR REMEDY HEREIN OR BY LAW OR EQUITY PROVIDED OR PERMITTED, BUT EACH SHALL BE CUMULATIVE OF EVERY OTHER RIGHT OR REMEDY.

D. NOTHING HEREIN CONTAINED SHALL BAR FRANCHISOR'S RIGHT TO OBTAIN INJUNCTIVE RELIEF AGAINST THREATENED CONDUCT THAT SHALL CAUSE IT LOSS OR DAMAGES, UNDER THE USUAL EQUITY RULES, INCLUDING THE APPLICABLE RULES FOR OBTAINING RESTRAINING ORDERS AND PRELIMINARY INJUNCTIONS.

XXX. **ARBITRATION**

A. Any monetary claim arising out of or relating to this Agreement, or any breach thereof, shall be submitted to arbitration in Roanoke City, Virginia, in accordance with the rules of the American Arbitration Association and judgment upon the award may be entered in any court having jurisdiction thereof. Nothing contained herein shall, however, be construed to limit or to preclude Franchisor from bringing any action in any court of competent jurisdiction for injunctive or other provisional relief as Franchisor deems to be necessary or appropriate to compel Franchisee to comply with his obligations hereunder or to protect the Marks or other property rights of Franchisor. In addition, nothing contained herein shall be construed to limit or to preclude Franchisor from joining with any action for injunctive or provisional relief, all monetary claims that Franchisor may have against Franchisee which arise out of the acts or omissions to act giving rise to the action for injunctive or provisional relief. This arbitration provision shall be deemed to be self-executing and in the event that Franchisee fails to appear at any properly noticed arbitration proceeding, award may be entered against Franchisee notwithstanding his failure to appear.

B. Nothing herein contained shall bar the right of either party to seek and obtain temporary injunctive relief from a court of competent jurisdiction in accordance with applicable law against threatened conduct that shall cause loss or damage, pending completion of the arbitration.

C. It is the intent of the parties that any arbitration between Franchisor and Franchisee shall be of Franchisee's individual claim and that the claim subject to arbitration shall not be arbitrated on a classwide basis. Notwithstanding the foregoing or anything to the contrary in this Paragraph XXX or Paragraph XXVIII, if any court or arbitrator determines that all or any part of the preceding sentence is unenforceable with respect to a dispute that otherwise would be subject to arbitration under this Paragraph XXX, then the parties agree that this arbitration clause will not apply to that dispute and that such dispute will be resolved in a judicial proceeding in accordance with the terms of this Agreement.

XXXI. FORCE MAJEURE

Whenever a period of time is provided in this Agreement for either party to do or perform any act or thing, except the payment of monies, neither party shall be liable or responsible for any delays due to strikes, lockouts, casualties, acts of God, war, governmental regulation or control or other causes beyond the reasonable control of the parties, and in any event said time period for the performance of an obligation hereunder shall be extended for the amount of time of the delay. This clause shall not apply or not result in an extension of the term of this Agreement.

XXXII. "FRANCHISEE" DEFINED AND GUARANTY

As used in this Agreement, the term "Franchisee" shall include all persons who succeed to the interest of the original Franchisee by permitted transfer or operation of law and shall be deemed to include not only the individual or entity defined as "Franchisee" in the introductory paragraph of this Agreement, but shall also include all partners of the entity that execute this Agreement, in the event said entity is a partnership, all shareholders, officers and directors of the entity that execute this Agreement, in the event said entity is a corporation, and any managing members of a limited liability company of the entity that execute this Agreement, in the event said entity is a limited liability company. By their signatures hereto, all partners, shareholders, officers and directors of the entity that sign this Agreement as Franchisee acknowledges and accepts the duties and obligations imposed upon each of them, individually, by the terms of this Agreement. All partners of the entity that execute this Agreement, in the event said entity is a partnership, and all shareholders, officers and directors of the entity that execute this Agreement, in the event said entity is a corporation, shall execute the Personal Guaranty attached as Exhibit F to the Franchise Disclosure Document.

XXXIII. CAVEAT

The success of the business venture contemplated to be undertaken by Franchisee by virtue of this Agreement is speculative and depends, to a large extent, upon the ability of Franchisee as an independent businessperson and its active participation in the daily affairs of the business as well as other factors. Franchisor does not make any representation or warranty, express or implied, as to the potential success of the business venture contemplated hereby.

XXXIV. ACKNOWLEDGMENTS

A. Franchisee represents and acknowledges that it has received, read and understood this Agreement and Franchisor's Franchise Disclosure Document; and that Franchisor has fully and adequately explained the provisions of each to Franchisee's satisfaction; and that Franchisor has accorded Franchisee ample time and opportunity to consult with advisors of its own choosing about the potential benefits and risks of entering into this Agreement.

B. Franchisee acknowledges that it has received a copy of this Agreement and the attachments thereto, at least five (5) business days prior to the date on which this Agreement was executed. Franchisee further acknowledges that Franchisee has received the disclosure document required by the Trade Regulation Rule of the Federal Trade Commission entitled

Disclosure Requirements and Prohibitions Concerning Franchising and Business Opportunity Ventures, at least ten (10) business days prior to the date on which this Agreement was executed.

C. Franchisee has been advised to consult with its own advisors with respect to the legal, financial and other aspects of this Agreement, the business franchised hereby, and the prospects for that business. Franchisee has either consulted with such advisors or has deliberately declined to do so.

D. The covenants not to compete set forth in this Agreement are fair and reasonable, and shall not impose any undue hardship on Franchisee, since Franchisee has other considerable skills, experience and education which afford Franchisee the opportunity to derive income from other endeavors.

E. Franchisee affirms that all information set forth in any and all applications, financial statements and submissions to Franchisor is true, complete and accurate in all respects, with Franchisee expressly acknowledging that Franchisor is relying upon the truthfulness, completeness and accuracy of such information.

F. Franchisee has conducted an independent investigation of the business contemplated by this Agreement and recognizes that, like any other business, an investment in a Franchised Restaurant involves business risks and that the success of the venture is primarily dependent upon the business abilities and efforts of Franchisee.

G. Franchisee hereby consents and agrees that disputes arising between Franchisor and Franchisee be submitted to arbitration as provided in Paragraph XXX.A. of this Agreement.

H. The submission of this Agreement does not constitute an offer, and this Agreement shall become effective only upon the execution thereof by Franchisor and Franchisee. THIS AGREEMENT SHALL NOT BE BINDING ON FRANCHISOR UNLESS AND UNTIL IT SHALL HAVE BEEN ACCEPTED AND SIGNED BY THE CHIEF EXECUTIVE OFFICER, CHIEF FINANCIAL OFFICER OR A VICE PRESIDENT. THIS AGREEMENT SHALL NOT BECOME EFFECTIVE UNTIL AND UNLESS FRANCHISEE SHALL HAVE BEEN FURNISHED BY FRANCHISOR WITH ALL DISCLOSURE DOCUMENTS, IN WRITTEN FORM, AS MAY BE REQUIRED UNDER OR PURSUANT TO APPLICABLE LAW, FOR REQUISITE TIME PERIODS.

I. FRANCHISEE UNDERSTANDS AND ACKNOWLEDGES THAT ALL REPRESENTATIONS OF FACT CONTAINED HEREIN ARE MADE SOLELY BY FRANCHISOR. ALL DOCUMENTS, INCLUDING FRANCHISOR'S FRANCHISE AGREEMENT AND FRANCHISE DISCLOSURE DOCUMENT AND ALL EXHIBITS THERETO, HAVE BEEN PREPARED SOLELY IN RELIANCE UPON REPRESENTATIONS MADE AND INFORMATION PROVIDED BY FRANCHISOR, ITS OFFICERS AND ITS DIRECTORS. FRANCHISEE FURTHER AGREES TO INDEMNIFY AND HOLD HARMLESS THE PREPARER OF ANY AND ALL SUCH FRANCHISE AGREEMENTS, DISCLOSURE DOCUMENTS AND EXHIBITS THERETO FROM ANY AND ALL LOSS, COSTS, EXPENSES (INCLUDING ATTORNEYS' FEES), DAMAGES

AND LIABILITIES RESULTING FROM ANY REPRESENTATIONS AND/OR CLAIMS MADE BY FRANCHISOR IN SUCH DOCUMENTS.

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound hereby, have duly executed, sealed and delivered this Agreement in multiple copies the day and year first above written.

ATTEST:	**WESTERN SIZZLIN FRANCHISE CORPORATION**
______________________________	By:______________________________ Title:___________________________
ATTEST/WITNESS:	**FRANCHISEE**:
______________________________	By:______________________________ Title:___________________________
______________________________	By:______________________________ Title:___________________________

EXHIBIT A TO THE FRANCHISE AGREEMENT
PREMISES AND TERRITORY

WESTERN SIZZLIN FRANCHISE CORPORATION

By:______________________________
Name:__________________________
Title:___________________________

Date:_____________________________

FRANCHISEE:

By:______________________________
Name:__________________________
Title:___________________________

Date:_____________________________

EXHIBIT B TO THE FRANCHISE AGREEMENT
FRANCHISE TERM

This Exhibit is made a part of that certain Franchise Agreement dated ___________, 20____ by and between ("Franchisee") and Western Sizzlin Franchise Corporation ("Franchisor").

WHEREAS, the parties agree that the first date of opening for business for determining the term of the franchise as defined in Paragraph II. of the Franchise Agreement shall be _____________________ and that the original term of the franchise shall expire on _________________, although the Franchise Agreement is effective from the date of its execution.

Dated this _____ day of _______________, 20___.

COMPANY:

WESTERN SIZZLIN FRANCHISE CORPORATION, a Delaware Corporation

By:______________________________
Its:______________________________

FRANCHISEE:

By:______________________________
Its:______________________________

By:______________________________
Its:______________________________

EXHIBIT C
TO THE FRANCHISE AGREEMENT

You and Your Owners

1. Form of Owner.

(a) Individual Proprietorship. Your owner(s) (is) (are) as follows:

____
____
____

(b) Corporation, Limited Liability Company, or Partnership. You were incorporated or formed on______________________, under the laws of the State of _____________. You have not conducted business under any name other than your corporate, limited liability company, or partnership name and ____. The following is a list of your 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 person who is one of your owners (as defined in the Franchise Agreement), or an owner of one of your 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 Person to Receive Notice for Franchise Owner.

(a) Name:____

(b) Postal Address:____
____

(c) E-mail Address:____

4. Identification of Managing Owner. Your Managing Owner as of the Effective Date is ________________________________ (must be one of the individuals listed in paragraph 2 above). You may not change the Managing Owner without prior written approval.

5. Identification of Operations Partner. Your Operations Partner as of the Effective Date is ________________________.

WESTERN SIZZLIN FRANCHISE CORPORATION, a Delaware corporation

By:________________________________
Title:________________________________

Dated:________________________________

FRANCHISEE

(IF YOU ARE TAKING THE FRANCHISE AS A CORPORATION, LIMITED LIABILITY COMPANY, OR PARTNERSHIP):

____
[Name]

By:________________________________
Title:________________________________

Dated:________________________________

(IF YOU ARE TAKING THE FRANCHISE INDIVIDUALLY AND NOT AS A LEGAL ENTITY):

____
[Signature]

____
[Print Name]

____
[Signature]

____
[Print Name]

WESTERN SIZZLIN FRANCHISE CORPORATION
WESTERN SIZZLIN RESTAURANT

AREA DEVELOPMENT AGREEMENT

EXHIBIT C TO THE DISCLOSURE DOCUMENT

WESTERN SIZZLIN FRANCHISE CORPORATION

AREA DEVELOPMENT AGREEMENT

THIS CONTRACT IS SUBJECT TO ARBITRATION

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EXHIBITS

WESTERN SIZZLIN FRANCHISE CORPORATION
AREA DEVELOPMENT AGREEMENT

This Area Development Agreement ("this Agreement") made this __ day of _____, 20_, by and between WESTERN SIZZLIN FRANCHISE CORPORATION, a Delaware corporation, having its principal place of business at 89 Summers Way, Suite 103, Roanoke, Virginia 24019 ("Franchisor"), and _______________("Developer").

WITNESSETH:

WHEREAS, Franchisor, over a period of time and as the result of the expenditure of time, expertise, effort and money, (i) has developed and owns unique Systems ("System") identified by the Marks of Western Sizzlin Franchise Corporation and, "Western Sizzlin Steak & More" relating to the establishment, development, operation and maintenance of family steak house restaurants featuring steak dishes and related food and beverage items and hot and cold buffet items, all prepared in accordance with specified recipes and/or procedures ("Menu Items"), and offering seating for on-premises consumption; (ii) have developed certain presentation, packaging and marketing standards and techniques for all Proprietary Products; and (iii) have developed consumer acceptance for all Menu Items ("Franchised Restaurant"); and

WHEREAS, the distinguishing characteristics of the System include, without limitation, distinctive exterior and interior layout, design and color scheme; exclusively designed signage, decorations, furnishings and materials; special recipes, formulae, menus and food and beverage designations; The Western Sizzlin Franchise Corporation's Confidential Operations Manual ("Manual"); food and beverage storage, preparation and service procedures and techniques; operating procedures for sanitation and maintenance; and methods and techniques for inventory and cost controls, record keeping and reporting, personnel management, purchasing, sales promotion and advertising, all of which may be changed, improved and further developed by Franchisor from time to time; and

WHEREAS, Franchisor is the owner of the right, title and interest, together with all the goodwill connected thereto, in and to the trade names, service marks and trademarks "Western Sizzlin" associated logos, logotypes, insignias, trade dress, design commercial symbols and such other trade names, service marks and trademarks as are now designated (and may hereinafter be designated by Franchisor in writing) as part of the System ("Mark[s]"); and

WHEREAS, Franchisor shall continue to develop, use and control such Marks for the benefit and use of Franchisor and Franchisor's developers in order to identify for the public the source of food products and services marketed thereunder and to represent the System's high standards of quality regarding Menu Items, operations, food products, ingredients, appearance and service; and

WHEREAS, Franchisor grants to qualified persons franchises to own and operate Western Sizzlin Franchise Corporation's Franchised Restaurants offering food products and services authorized and approved by Franchisor and utilizing the System and Marks; and

WHEREAS, Developer desires to operate a "Western Sizzlin Steak & More" using the System and Marks and has applied for a franchise, which application has been approved by Franchisor in reliance upon all of the representations made therein; and

WHEREAS, Developer understands and acknowledges the importance of Franchisor's high and uniform standards of quality, operations and customer service and the necessity of operating Western Sizzlin Franchise Corporation's Franchised Restaurant in conformity with Franchisor's standards and specifications; and

WHEREAS, Franchisor expressly disclaims the making of and Developer acknowledges that it has not received nor relied upon any warranty or guaranty, express or implied, as to the revenues, profits or success of the business venture contemplated by this Agreement. Developer acknowledges that it has read this Agreement and Franchisor's Franchise Disclosure Document and that it has no knowledge of any representations by Franchisor or its officers, directors, shareholders, employees or agents that are contrary to the statements made in Franchisor's Franchise Disclosure Document or to the terms herein.

NOW, THEREFORE, the parties, in consideration of the undertakings and commitments of each party to the other set forth in this Agreement, hereby agree as follows:

I. GRANT

A. Franchisor hereby grants to Developer, pursuant to the terms and conditions of this Agreement, options to obtain licenses to establish and operate "Western Sizzlin Steak & More" Franchised Restaurants featuring the Menu Items and offering on-premises dining within the territory described in Exhibit A attached hereto and incorporated herein by this reference ("Designated Territory").

B. Developer shall be bound by the development schedule ("Development Schedule") set forth in Exhibit B. Time is of the essence of this Agreement. Each Franchised Restaurant shall be established and operated pursuant to a separate Franchise Agreement ("Franchise Agreement") to be entered into by Developer and Franchisor. Each Franchise Agreement shall be in the form of Franchisor's then-current form of Franchise Agreement.

C. Except as otherwise provided in this Agreement, Franchisor shall not establish, nor license anyone other than Developer the right to establish any business in the Designated Territory prior to the expiration of the development schedule, excepting certain franchises which have heretofore been granted to others as set forth in Exhibit B.

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

E. Developer may not offer, sell or negotiate the sale of Western Sizzlin Franchise Corporation's Franchised business to any third party, either in Developer's own name or in Franchisor's name, or otherwise subfranchise or divide the Area Development Agreement. Nothing in this Agreement will be construed as granting you the right to do so.

II. DEVELOPMENT FEE

A. As consideration for the rights and options granted herein, Developer shall pay to Franchisor an initial individual franchise fee in the amount of THIRTY THOUSAND DOLLARS ($30,000.00) for each Western Sizzlin Franchise Corporation Restaurant. Simultaneously with the execution of this Agreement, Developer shall execute a Franchise Agreement for the first Western Sizzlin Franchise Corporation Restaurant to be developed, and shall pay the initial franchise fee under such Franchise Agreement in the amount of THIRTY THOUSAND DOLLARS ($30,000.00); and an amount equal to FIFTEEN THOUSAND DOLLARS ($15,000.00) of the initial franchise fee specified above for each additional Western Sizzlin Franchise Corporation Restaurant which Developer is granted the option to develop under this Agreement ("Development Fee"). The Development Fee due at the time of execution of this Agreement is ___________ DOLLARS ($____). The Development Fee, which is to be paid at the time of execution of this Agreement, is consideration for this Agreement and not consideration for any Franchise Agreement, is fully earned by Franchisor upon execution of this Agreement and is non-refundable, notwithstanding any provision to the contrary contained in any Franchise Agreement. The balance of the initial franchise fee for each Western Sizzlin Franchise Corporation Restaurant shall be due upon execution of the applicable individual Franchise Agreement.

B. Developer shall submit a separate application for each Franchised Restaurant to be established within the Designated Territory by Developer. Upon approval of the site of the Franchised Restaurant by Franchisor, a separate Franchise Agreement shall be executed for each such Franchised Restaurant, at which time payment representing the balance of the appropriate individual franchise fee is due and owing in accordance with the terms of the Franchise Agreement. Upon the execution of each Franchise Agreement, the terms and conditions of such Franchise Agreement shall control the establishment and operation of such Franchised Restaurant.

III. <u>DEVELOPMENT SCHEDULE AND MANNER OF EXERCISING OPTIONS</u>

A. Developer shall be bound by and strictly follow the Development Schedule set forth in Exhibit B. Time is of the essence. By the dates set forth under the Development Schedule ("Option Period(s)"), Developer shall exercise options by entering into Franchise Agreements with Franchisor pursuant to this Agreement for the number of Franchised Restaurants described under the Development Schedule. Developer shall at all times after the expiration of each of the Option Periods continuously maintain in operation pursuant to each Franchise Agreement at least the number of Franchised Restaurants set forth in the Development Schedule, provided, however, that such obligation does not apply to businesses that are transferred in accordance with the provisions of the Franchise Agreement, or are closed due to force majeure.

B. Developer shall exercise each option granted herein only as follows:

1. By giving Franchisor written notice of Developer's intention to exercise such option at least thirty (30) days before the execution of the Franchise Agreement for the applicable business; and

2. By executing the then-current form of the Franchise Agreement for the applicable business and complying with its terms including, without limitation, the payment of the unpaid balance of the applicable franchise fee.

Franchisor shall execute the Franchise Agreement only if (i) Developer is in compliance with all and is not in default of any requirements and obligations of this Agreement and all other agreements between Franchisor and Developer; and (ii) Developer is in compliance with all and is not in default of any of its respective obligations under any Franchise Agreement. In order to meet the Development Schedule, the Franchise Agreement must be executed by Developer and Franchisor within the applicable Option Period(s). Developer must comply with all of the terms and conditions of each Franchise Agreement.

C. Should Developer be unable to meet the Minimum Development Obligation solely as the result of force majeure, including, but not limited to, strikes, material shortages, fires, floods, earthquakes, and other acts of God, or by force of law, which resulted in the inability of Developer to construct or operate Restaurant(s) in the Territory, and which Developer could not by the exercise of due diligence have avoided, the Development Periods shall be extended by the amount of time during which such force majeure existed.

IV. <u>TERM AND RIGHT OF FIRST REFUSAL</u>

A. The term of this Agreement (the "Term") shall commence on the __ day of ____, 20_, and, unless sooner terminated in accordance with the provisions herein, or extended as provided in Paragraph III.C. shall expire on the __ day of _______, 20_.

B. Developer shall have no right to renew this Agreement.

C. Within sixty (60) days prior to the expiration of the Term, if Franchisor shall determine that further development of the Designated Territory is desirable, Franchisor shall notify Developer in writing of Franchisor's determination to develop additional Franchised Restaurants in the Designated Territory and a plan for such development over a five (5) year term. Subject to the conditions set forth in Paragraph IV.E. of this Agreement, Developer shall have a prior right to undertake the additional development which Franchisor shall have set forth in its notice to Developer. If such right of additional development is not exercised by Developer, Franchisor or any Franchisee, may construct, equip, open and operate additional Franchised Restaurants in the Designated Territory, but not in violation of the Territory granted to Developer under any Franchise Agreement currently in effect.

D. At the time Franchisor delivers to Developer, Franchisor's written notice of its determination to undertake additional development in the Designated Territory, Franchisor shall also deliver to Developer two (2) copies of the then-current area development agreement. ("Then-current," as used in this Agreement shall mean the form then currently provided to prospective developers or area developers, or if not then being so provided, then the last such form delivered and executed by a developer of Franchisor). The new area development agreement, which may vary substantially from this Agreement, will reflect Developer's new development obligation consistent with Franchisor's plan for additional development set forth in its notice to Developer. Within thirty (30) days after Developer's receipt of the new area development agreement, but no sooner than immediately after any applicable waiting periods prescribed by law ("Disclosure Period") have passed, Developer shall execute two (2) copies of the Development Agreement and return them to Franchisor. If Developer has so executed and returned the copies and has satisfied the conditions set forth in Paragraph IV.E., Franchisor will execute the copies and return one (1) fully executed copy to Developer.

E. Developer's right to additional development described above shall be subject to Developer's fulfillment of the following conditions precedent:

1. Developer shall have fully performed all of its obligations under this Agreement and all other agreements between Franchisor and Developer.

2. Developer shall have demonstrated to Franchisor, the financial capacity to perform the additional development obligations set forth in the new area development agreement. In determining if Developer is financially capable, Franchisor will apply the same criteria to Developer as it applies to prospective area developers at that time.

3. Developer shall continue to operate, in the Designated Territory, the aggregate number of Franchised Restaurants required and set forth in Exhibit B.

V. <u>DUTIES OF THE DEVELOPER</u>

A. Developer shall perform the following obligations:

1. Developer shall comply with all terms and conditions set forth in this Agreement.

2. Developer shall comply with all of the terms and conditions of each Franchise Agreement including, without limitation, the operating requirements specified in each Franchise Agreement;

however, Developer may not be required to attend an initial developer training course conducted at a Franchisor designated location in connection with the second or any subsequent Franchised Restaurant.

3. Developer shall at all times preserve in confidence any and all materials and information furnished or disclosed to Developer by Franchisor, and Developer shall disclose such information or materials only to such of its employees or agents who must have access to it in connection with their employment. Developer shall not at any time, without Franchisor's prior written consent, copy, duplicate, record or otherwise reproduce such materials or information, in whole or in part, nor otherwise make the same available to any unauthorized person.

4. Developer shall comply with all requirements of federal, state and local laws, rules and regulations.

VI. PROPRIETARY MARKS/CONFIDENTIALITY

A. Notwithstanding any provision to the contrary under this Agreement, it is understood and agreed that this Agreement does not grant the Developer any right to use the Marks or to use any of Franchisor's trade secret and/or confidential information, as defined below. Further, it is understood and agreed that this Agreement does not grant the Developer any right to any copyright or patent which the Franchisor now owns or may hereinafter own. Rights to the Marks, trade secrets (and/or confidential information), copyrights or patents are granted only under the Franchise Agreements to be executed by Franchisor and Developer.

B. Developer and its owners, officers and directors, if any, acknowledge that their entire knowledge of the operation of the Franchised Restaurant, including the knowledge or know-how regarding the preparation of Menu Items, Trade Secret Food Products and other food products, and other specifications, product formulae, standards and operating procedures of a Western Sizzlin Franchise Corporation Franchised Restaurant, is derived from information disclosed to Developer by Franchisor and that certain of such information is proprietary, confidential and constitutes trade secrets of Franchisor. In addition, any improvements developed by Developer pursuant to Developer's operation of any Franchised Restaurant shall constitute proprietary information of Franchisor. "Trade secrets" refer to the whole or any portion of know-how, knowledge, methods, recipes, formulae, specifications, processes, procedures and/or improvements regarding Western Sizzlin Franchise Corporation Franchised Restaurant and the System that is valuable and secret in the sense that it is not generally known to competitors of Franchisor. Developer and its owners, officers and directors, if any, jointly and severally, agree that during and after the term of this Agreement for so long as any Franchisor treats any such information as its trade secret, they will maintain the absolute confidentiality of all trade secret information and will not disclose, sell or use any such information in any other business or in any manner not specifically authorized or approved in advance in writing by Franchisor.

C. Developer and its owners, officers and directors, if any, shall divulge such trade secret and confidential information only to the extent and only to such of its employees as must have access to it in order to perform obligations under this Agreement or a Franchise Agreement. Any and all information, knowledge and know-how of Franchisor including, without limitation, the Confidential Operations Manual, specifications and standards concerning the operation of Western Sizzlin Franchise Corporation Franchised Restaurants and other materials and information provided to Developer by Franchisor, shall be deemed confidential for purposes of this Agreement, except information which Developer can demonstrate lawfully came to its attention prior to disclosure thereof by Franchisor (other than under an obligation of confidentiality); or which, at the time of disclosure by Franchisor to Developer, had lawfully become a part of the public domain, through publication or communication by others; or which, after disclosure to Developer by Franchisor, lawfully becomes a part of the public domain, through publication or communication by others.

D. Due to the special and unique nature of the trade secrets, confidential information, proprietary marks and Confidential Operations Manual of Franchisor, Developer and its owners, officers and directors, if any, hereby, jointly and severally, agree and acknowledge that Franchisor shall be entitled to immediate equitable remedies including, but not limited to, restraining orders and injunctive relief, in order to safeguard such proprietary, confidential, unique and special information of Franchisor and that money damages alone would be an insufficient remedy with which to compensate Franchisor for any breach of the terms of this Paragraph VI. Furthermore, Developer agrees that all owners, directors, shareholders, partners and employees of Developer having access to the trade secrets, confidential and proprietary information of Franchisor and any owners, officers, directors or other employees designated by Franchisor shall be required to execute confidentiality agreements acceptable to Franchisor.

E. Developer is granted access to certain confidential information and trade secrets pertaining to the System only pursuant to each individual Franchise Agreement executed between Developer and Franchisor, and the foregoing paragraphs are not intended, and shall not be interpreted, to grant or entitle Developer to receive any such confidential information or trade secrets pursuant to this Agreement.

VII. DEFAULT AND TERMINATION

A. The options and territorial exclusivity granted to Developer in this Agreement have been granted in reliance on Developer's representations and warranties, and strictly on the conditions set forth in this Agreement including, without limitation, the condition that Developer comply strictly with the Development Schedule.

B. Developer shall be deemed in default under this Agreement, and all rights granted herein to Developer shall automatically terminate without notice: (i) If Developer shall be adjudicated bankrupt, becomes insolvent, commits any affirmative action of insolvency or files any action or petition of insolvency, or if a receiver (permanent or temporary) of its property or any part thereof is appointed by a court of competent authority, or if it makes a general assignment for the benefit of its creditors; (ii) if a final judgment remains unsatisfied of record for thirty (30) days or longer (unless supersedeas bond is filed); (iii) if execution is levied against Developer's business or property, or; (iv) if suit to foreclose any lien or mortgage against Developer's premises or equipment is instituted against Developer and not dismissed within thirty (30) days, or is not in the process of being dismissed; provided, however, that Franchisor reserves the right to be named as trustee or receiver in any voluntary petition for bankruptcy or insolvency filed by Developer.

C. If Developer (i) fails to exercise options and enter into Franchise Agreements with Franchisor pursuant to this Agreement for the Franchised Restaurants within any Options Period as set forth in the Development Schedule; (ii) fails to comply with any other term and condition of this Agreement; (iii) makes or attempts to make a transfer or assignment in violation of this Agreement; or (iv) fails to comply with the terms and conditions of any individual Franchise Agreement with Franchisor, or of any other agreement to which Developer and Franchisor are parties, any such event shall constitute a default under this Agreement. Upon any such default, Franchisor, in its discretion, may do any one or more of the following:

1. Terminate this Agreement and all rights granted hereunder to Developer without affording Developer any opportunity to cure the default effective immediately upon receipt by Developer of written notice from Franchisor;

2. Reduce the number of Franchised Restaurants, without any reduction of the Development Fee, which are subject to options granted to Developer pursuant to this Agreement;

3. Terminate or reduce in any manner, in Franchisor's discretion, the territorial exclusivity granted Developer in Paragraph I. hereof; or

4. Exercise any other rights and remedies which Franchisor may have.

D. Upon termination of this Agreement, all remaining options granted to Developer to establish Franchised Restaurants under this Agreement shall automatically be null and void. Developer shall have no right to establish or operate any Western Sizzlin Franchise Corporation Franchised Restaurant for which a Franchise Agreement has not been executed by Franchisor. Franchisor shall be entitled to establish, and to license others to establish, Franchised Restaurants which will operate in the Designated Territory except as may be otherwise provided under any Franchise Agreement which has been executed between Franchisor and Developer, or Developer's affiliates, and which has not been terminated. No default under this Agreement shall constitute a default under any Franchise Agreement between the parties hereto, except to the extent that any default under this Agreement constitutes a default under any Franchise Agreement in accordance with the terms of the Franchise Agreement. Notwithstanding the above, the terms and conditions of each Franchise Agreement must be complied with by the Developer thereunder and shall control in determining whether any default exists under such Franchise Agreement.

E. No right or remedy herein conferred upon or reserved to Franchisor is exclusive of any other right or remedy provided or permitted by law or equity.

VIII. TRANSFERABILITY

A. This Agreement and all rights hereunder can be assigned and transferred by Franchisor and, if so, shall be binding upon and inure to the benefit of Franchisor's successors and assigns; provided, however, that with respect to any assignment resulting in the subsequent performance by the assignee of the functions of Franchisor, the assignee shall:

1. At the time of such assignment, be financially responsible and economically capable of performing the obligations of Franchisor hereunder; and

2. Expressly assume and agree to perform such obligations. Specifically, and without limitation to the foregoing, Developer expressly agrees that Franchisor may sell its assets, Marks or System outright to a third party; may make a public offering of securities; may engage in a private placement of some or all of its securities; may merge, acquire other corporations or entities or be acquired by another corporation or other entity; may undertake a refinancing, recapitalization, leveraged buy out or other economic or financial restructuring; and, with regard to any or all of the above sales, assignments and dispositions, Developer expressly and specifically waives any claims, demands or damages arising from or related to the loss of said Marks (or any variation thereof) and/or the loss of association with or identification of WESTERN SIZZLIN FRANCHISE CORPORATION as Franchisor hereunder. Nothing contained in this Agreement shall require Franchisor to remain in the business in the event that Franchisor exercises its rights hereunder to assign its rights in this Agreement.

B. Should Developer at some time in the future desire to make either a public or a private offering of its securities, prior to such offering and sale, and prior to the public release of any statements, data or other information of any kind relating to the proposed offering of Developer's securities, Developer shall secure the written approval of Franchisor, which approval shall not be unreasonably withheld. Developer shall secure

Franchisor's prior written approval of any and all press releases, news releases and any and all other publicity, the primary purpose of which is in the public interest in its offering. Only to the extent that written approval has been given by Franchisor, Developer may proceed to file, publish, issue and release and make public any data, material or information regarding its securities offering or the Franchised Restaurants. It is specifically understood that any review by Franchisor is solely for its own information, and its approval shall not constitute any kind of authorization, acceptance, agreement, endorsement, approval or ratification of the same, either express or implied; and Developer shall make no oral or written notice of any kind whatsoever indicating or implying that Franchisor and/or related corporations or persons have any interest in or relationship whatsoever to the proposed offering other than acting as Franchisor. Developer agrees to indemnify and hold harmless Franchisor and its subsidiaries, and their owners, directors, officers, employees, successors and assigns, from all claims, demands, costs, fees, charges, liabilities or expenses (including attorneys' fees) of any kind whatsoever arising from Developer's offering or information published or communicated and any actions taken with regard thereto.

C. This Agreement has been entered into by Franchisor in reliance upon and in consideration of the singular personal skill, qualifications and trust and confidence placed in Developer or, in the case of a corporate, limited liability company, or partnership franchisee, the principal officers, managers, or partners thereof who will actively and substantially participate in the ownership and operation of the Franchised Business. Therefore, neither Developer's interest in this Agreement nor any of its rights or privileges shall be assigned or transferred, voluntarily or involuntarily, in whole or in part, by operation of law or otherwise, in any manner.

Notwithstanding anything herein to the contrary, in the event of the death or legal incapacity of Developer or, in the case of a corporate franchisee, a stockholder owning twenty percent (20%) or more of the Developer's capital stock or voting power, or in the case of a limited liability company, a member owning 20% or more of the membership interests, or in the case of a partnership Developer, a partner owning twenty percent (20%) or more of the partnership interest, the transfer of Developer's or such stockholder's or partner's interest in this Agreement to his heirs, personal representatives or conservators, as applicable, shall require Franchisor's written consent, but shall not give rise to Franchisor's right of first refusal hereunder, although such right shall apply as to any proposed transfer or assignment by such heirs, personal representatives or conservators.

Should Franchisor not elect to exercise its said right of first refusal, or should such right of first refusal be inapplicable, as herein provided, Franchisor's consent to such assignment, but not to the partition, sharing or dividing of rights under this Agreement, shall not be unreasonably withheld; provided, however, that the Franchisor may impose any reasonable condition(s) to the granting of its consent. Without limiting the generality of the foregoing, the imposition of any or all of the following conditions to its consent to any such assignment shall be deemed to be reasonable:

1. That the assignee (or the principal officers, shareholders, directors or general partners of the assignee in the case of a corporate or partnership assignee) demonstrate that the skills, qualifications and economic resources necessary, in Franchisor's judgment, reasonably exercised, to own and operate the Franchised Restaurants contemplated by this Agreement, and by all other agreements between the Franchisor and such assignee, and all agreements proposed to be assigned to such assignee;

2. That the assignee expressly assumes in writing, for the benefit of Franchisor, all of the obligations of Developer under this Agreement;

3. That as of the date of any such assignment, the assignor shall have fully complied with all of its obligations to Franchisor, whether under this Agreement or any other agreement, arrangement or understanding with Franchisor;

4. That assignee, if then a Developer of Franchisor, is not then in default of any obligations to Franchisor; or

5. That the assignee shall pay to Franchisor a transfer fee equal to FIVE THOUSAND DOLLARS ($5,000.00) for an existing Franchisee or TEN THOUSAND DOLLARS ($10,000.00) for a new Franchisee, which is a reasonable amount to cover Franchisor's expenses relating to said assignment. A training fee of TEN THOUSAND DOLLARS ($10,000.00) will be required provided, however, that Franchisor may waive such training fee if the assignment is to an existing Franchisee.

If Developer is a corporation, or limited liability company, the death or legal incapacity of any shareholder or member owning twenty percent (20%) or more of the capital stock or voting power of Developer, the issuance of any securities by Developer, the transfer of twenty percent (20%) or more in the aggregate of the capital stock or voting power of Developer, by operation of law or otherwise, or any merger, stock redemption, consolidation, reorganization or recapitalization involving Developer, shall be deemed to be an assignment of this Agreement within the meaning of this Section. If Developer is a general or limited partnership, the legal incapacity, death or withdrawal of any general partner, admission of any additional general partner, or the transfer of any general partner's interest in the property, management or profits and/or losses of the partnership shall be deemed to be an assignment hereunder.

Developer shall not in any event have the right to pledge, encumber, hypothecate or otherwise give any third party a security interest in this Agreement in any manner whatsoever without the express prior written permission of Franchisor, which permission may be withheld for any reason whatsoever in Franchisor's sole subjective judgment.

D. Upon death or incapacity Franchisor's said right of first refusal shall be exercised in the following manner:

1. Developer (or Developer's representative) shall deliver to Franchisor a written notice clearly and unambiguously setting forth all of the terms and conditions of the proposed assignment and all available information concerning the proposed assignee, including but not limited to, information concerning the employment history, financial condition, credit history, skill and qualifications of the proposed assignee and, in the case of a partnership or corporate assignee, of its partners and shareholders as applicable.

2. Within thirty (30) days after Franchisor's receipt of such notice (or if Franchisor shall request additional information, within thirty (30) days after receipt of such additional information), Franchisor may either consent or withhold its consent to such assignment, or, at its option, accept the assignment to itself or to its nominee upon the terms and conditions specified in the notice. Franchisor may substitute an equivalent sum of cash for any consideration other than cash specified in said notice.

3. If Franchisor shall elect not to exercise its said right of first refusal and shall consent to such assignment, Developer (or Developer's representative) may assign this Agreement to such proposed assignee on the terms and conditions specified in said notice. If, however, Franchisor does not elect to exercise its right of first refusal and said terms shall be materially changed, or if more than ninety (90) days shall pass without such assignment occurring, such changed terms or lapse of time shall be deemed a new proposal and Franchisor shall again have such right of first refusal with respect thereto.

E. Developer shall not execute any Franchise Agreement, or construct or equip any Franchised Restaurant with a view to transfer or assign such Franchise Agreement or Franchised Restaurant.

IX. COVENANTS

A. Unless otherwise specified, the term "Developer" as used in this Paragraph IX. shall include, collectively and individually, Developer as defined in Paragraph XIX.

B. Developer covenants that during the term of this Agreement and any renewals thereof, except as otherwise approved in writing by Franchisor, Developer (if Developer is an individual), a shareholder of a beneficial interest of ten percent (10%) or more of the securities of Developer (if Developer is a corporation), a managing member owning a beneficial interest of 10% or more of the interests if Developer is a limited liability company, a general partner of Developer (if Developer is a partnership) or Developer's full-time manager approved by Franchisor shall devote full-time energy and best efforts to the management and operation of the Franchised Restaurants to be franchised in accordance with the rights and options granted pursuant to this Agreement.

C. The address where Developer's Financial Records, and corporate or partnership records, as applicable, are maintained is:

____

____

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D. Developer covenants that during the term of this Agreement, except as otherwise approved in writing by Franchisor, shall not, either directly or indirectly, for itself, or through, on behalf of or in conjunction with any person, persons, partnership or corporation:

1. Divert or attempt to divert any business or customers of any of the Franchised Restaurants to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with any of Franchisor's Marks or the System.

2. Own, maintain, engage in or have any interest in any business (including any business operated by Developer prior to entry into this Agreement) specializing in whole or in part, in dispensing, promoting or selling prepared food products, or any other business which sells or offers to sell prepared food products or services, the same as or similar to those sold in the System.

E. Developer specifically acknowledges that, pursuant to this Agreement, Developer will receive valuable training and confidential information including, without limitation, information regarding the promotional, operational, sales and marketing methods and techniques of Franchisor and the System. Accordingly, Developer covenants that, except as otherwise approved in writing by Franchisor, Developer shall not, for a period of one (1) year after the expiration or termination of this Agreement, regardless of the cause of termination, either directly or indirectly, for himself, or through, on behalf of or in conjunction with any person, persons, partnership or corporation, own, maintain, engage in, consult with or have any interest in any restaurant business or prepared food business engaged primarily in the preparation and sale of steak and/or featuring a food bar or other prepared food products or services, the same as or similar to the type sold in the System.

F. The parties have attempted to limit the Developer's right to compete only to the extent necessary to protect the Franchisor from unfair competition. Each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this

Paragraph IX. is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which Franchisor is a party, Developer expressly agrees to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Paragraph IX.

G. Developer understands and acknowledges that Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in Paragraphs IX.D. or IX.E. of this Agreement, or any portion thereof, without Developer's consent, effective immediately upon receipt by Developer of written notice thereof, and Developer agrees that it shall comply forthwith with any covenant as so modified, which shall be fully enforceable notwithstanding the provisions of Paragraph XV. hereof.

H. Franchisor shall have the right to require all of Developer's personnel performing managerial or supervisory functions and all personnel receiving special training from Franchisor to execute similar covenants in a form satisfactory to Franchisor.

I. In addition to the foregoing covenants, Developer shall be bound by and comply with the covenants contained in each Franchise Agreement executed by Franchisor and Developer.

X. NOTICES

Any and all notices required or permitted under this Agreement shall be in writing and shall be personally delivered, delivered by messenger or delivery services, mailed by certified mail return receipt requested, or facsimile transmission, and shall be effective when received or confirmation of receipt is acknowledged to the respective parties at the following addresses unless and until a different address has been designated by written notice to the other party:

Notices to Franchisor: WESTERN SIZZLIN FRANCHISE CORPORATION
89 Summers Way, Suite 103
Roanoke, Virginia 24019
Facsimile No.: (540) 345-0831

Notices to Developer: Facsimile No.:

Any notice by certified mail shall be deemed to have been given at the date and time of mailing.

XI. INDEPENDENT CONTRACTOR AND INDEMNIFICATION

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

B. Developer shall hold itself out to the public to be an independent contractor operating pursuant to this Agreement. Developer agrees to take such actions as shall be necessary to that end.

C. Developer understands and agrees that nothing in this Agreement authorizes Developer to make any contract, agreement, warranty or representation on Franchisor's behalf, or to incur any debt or other obligation in Franchisor's name, and that Franchisor assumes no liability for, nor shall Franchisor be deemed liable by reason of, any act or omission of Developer in Developer's conduct of any Franchised Restaurant, or any claim or judgment arising therefrom. Developer shall indemnify and hold Franchisor harmless against any and all such claims directly or indirectly from, as a result of or in connection with Developer's operations hereunder or under any Franchise Agreement, as well as the costs, including attorneys' fees, of defending against them.

D. Developer acknowledges that because complete and detailed uniformity under many varying conditions may not be possible or practical, Franchisor specifically reserves the right and privilege, at its sole discretion and as it may deem in the best interests of all concerned in any specific instance, to vary standards for any developer based upon the peculiarities of the particular location or circumstance, business potential, population of trade area, existing business practices or any other condition which Franchisor deems to be of importance to the successful operation of such Developer's business under any Franchise Agreement. Developer shall not be entitled to require Franchisor to disclose or grant to Developer a like or similar variation hereunder to that which may be accorded to any other developer.

XII. APPROVALS

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

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

XIII. NON-WAIVER

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

XIV. SEVERABILITY AND CONSTRUCTION

A. Each provision of this Agreement shall be deemed severable from the others.

B. Nothing in this Agreement shall confer upon any person or legal entity other than Franchisor or Developer and such of their respective successors and assigns as may be contemplated by Paragraph VIII. hereof, any rights or remedies under or by reason of this Agreement.

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

D. All references herein to gender and number shall be construed to include such other gender and number as the context may require, and all acknowledgments, promises, covenants, agreements and obligations herein made or undertaken by Developer shall be deemed jointly and severally undertaken by all the parties hereto which execute this Agreement on behalf of Developer.

E. This Agreement may be executed in duplicate and each copy so executed shall be deemed an original.

XV. ENTIRE AGREEMENT

This Agreement constitutes the entire, full and complete agreement between Franchisor and Developer concerning the subject matter hereof, and supersedes all prior agreements. There are no other oral or written understandings or agreements between the parties relating to the subject matter of this Agreement. Notwithstanding the foregoing, nothing in this Agreement shall disclaim or require Developer to waive reliance on any representation that Franchisor made in the most recent disclosure document (including its exhibits and amendments) that Franchisor delivered to Developer or its representative. No amendment, change or variance from this Agreement shall be binding on either party unless mutually agreed to by the parties and executed by themselves or their authorized officers or agents in writing.

XVI. SUPERIORITY OF FRANCHISE AGREEMENT

For each Western Sizzlin Franchise Corporation Franchised Restaurant developed in the Designated Territory, a separate Franchise Agreement shall be executed and any individual franchise fee as prescribed by Franchisor shall be paid to Franchisor. It is understood and agreed by Developer that any and all Franchise Agreements executed in connection with a Western Sizzlin Franchise Corporation Franchised Restaurant within the Designated Territory are independent of this Agreement. The continued existence of any such Franchise Agreement shall not depend on the continuing existence of this Agreement. If any conflict shall arise in connection with this Agreement and any Franchise Agreement executed within the Designated Territory, the latter shall have precedence and superiority over the former.

XVII. APPLICABLE LAW

A. THIS AGREEMENT TAKES EFFECT UPON ITS ACCEPTANCE AND EXECUTION BY FRANCHISOR IN THE STATE OF VIRGINIA AND SHALL BE INTERPRETED AND CONSTRUED UNDER THE LAWS THEREOF, WHICH LAWS SHALL PREVAIL IN THE EVENT OF ANY CONFLICT OF LAW, EXCEPT TO THE EXTENT GOVERNED BY THE UNITED STATES TRADEMARK ACT OF 1946 (LANHAM ACT, 15 U.S.C. SECTIONS 1051 ET SEQ.).

B. DEVELOPER ACKNOWLEDGES THAT THIS AGREEMENT IS ENTERED INTO IN ROANOKE CITY, VIRGINIA, AND THAT ANY ACTION SOUGHT TO BE BROUGHT BY EITHER PARTY, EXCEPT THOSE CLAIMS REQUIRED TO BE SUBMITTED TO ARBITRATION SHALL BE BROUGHT IN THE APPROPRIATE STATE OR FEDERAL COURT WITH JURISDICTION OVER ROANOKE CITY, VIRGINIA, AND THE PARTIES DO HEREBY WAIVE ALL QUESTIONS OF PERSONAL JURISDICTION OR VENUE FOR THE PURPOSES OF CARRYING OUT THIS PROVISION.

C. NO RIGHT OR REMEDY CONFERRED UPON OR RESERVED TO FRANCHISOR OR DEVELOPER BY THIS AGREEMENT IS INTENDED TO BE, NOR SHALL BE DEEMED, EXCLUSIVE OF ANY OTHER RIGHT OR REMEDY HEREIN OR BY LAW OR EQUITY PROVIDED OR PERMITTED, BUT EACH SHALL BE CUMULATIVE OF EVERY OTHER RIGHT OR REMEDY.

D. NOTHING HEREIN CONTAINED SHALL BAR FRANCHISOR'S RIGHT TO OBTAIN INJUNCTIVE RELIEF AGAINST THREATENED CONDUCT THAT WILL CAUSE IT LOSS OR DAMAGES, UNDER THE USUAL EQUITY RULES, INCLUDING THE APPLICABLE RULES FOR OBTAINING RESTRAINING ORDERS AND PRELIMINARY INJUNCTIONS.

XVIII. ARBITRATION

A. Any monetary claim arising out of or relating to this Agreement, or any breach thereof, excluding any claim relating to the confidential information or the Marks shall be submitted to arbitration in Roanoke City, Virginia, in accordance with the rules of the American Arbitration Association and judgment upon the award may be entered in any court having jurisdiction thereof. Nothing contained herein shall, however, be construed to limit or preclude Franchisor from bringing any action in any court of competent jurisdiction for injunctive or other provisional relief as Franchisor deems to be necessary or appropriate to compel Developer to comply with his obligations hereunder or to protect the Marks or other property rights of Franchisor. In addition, nothing contained herein shall be construed to limit or to preclude Franchisor from joining with any action for injunctive or provisional relief all monetary claims that Franchisor may have against Developer which arise out of the acts or omissions to act giving rise to the action for injunctive or provisional relief. This arbitration provision shall be deemed to be self-executing and in the event that Developer fails to appear at any properly noticed arbitration proceeding, award may be entered against Developer notwithstanding his failure to appear.

B. Nothing herein contained shall bar the right of either party to seek and obtain temporary injunctive relief from a court of competent jurisdiction in accordance with applicable law against threatened conduct that will cause loss or damage, pending completion of the arbitration.

C. It is the intent of the parties that any arbitration between Franchisor and Developer shall be of Developer's individual claim and that the claim subject to arbitration shall not be arbitrated on a classwide basis.

XIX. <u>"DEVELOPER" DEFINED AND GUARANTY</u>

As used in this Agreement, the term "Developer" shall include all persons who succeed to the interest of the original Developer by permitted transfer or operation of law and shall be deemed to include not only the individual or entity defined as "Developer" in the introductory paragraph of this Agreement, but shall also include all partners of the entity that executes this Agreement, in the event said entity is a partnership, and all shareholders, officers and directors of the entity that executes this Agreement, in the event said entity is a corporation. By their signatures hereto, all partners, shareholders, officers and directors of the entity that signs this Agreement as Developer acknowledges and accepts the duties and obligations imposed upon each of them, individually, by the terms of this Agreement. All partners of the entity that executes this Agreement, in the event said entity is a partnership, and all shareholders, officers and directors of the entity that executes this Agreement, in the event said entity is a corporation, shall execute the Guaranty and Assumption of Obligations attached hereto as Exhibit C and made a part hereof.

XX. <u>CAVEAT</u>

The success of the business venture contemplated to be undertaken by Developer by virtue of this Agreement is speculative and depends, to a large extent, upon the ability of Developer as an independent businessman, and his active participation in the daily affairs of the business as well as other factors. Franchisor does not make any representation or warranty express or implied as to the potential success of the business venture contemplated hereby.

XXI. <u>FORCE MAJEURE</u>

Whenever a period of time is provided in this Agreement for either party to do or perform any act or thing, except the payment of monies, neither party shall be liable or responsible for any delays due to strikes, lockouts, casualties, acts of God, war, governmental regulation or control or other causes beyond the reasonable control of the parties, and in any event said time period for the performance of an obligation hereunder shall be extended for the amount of time of the delay. This clause shall not apply or not result in an extension of the term of this Agreement.

XXII. <u>ACKNOWLEDGMENTS</u>

A. Developer represents and acknowledges that it has received, read and understood this Agreement and Franchisor's Franchise Disclosure Document; and that Franchisor has fully and adequately explained the provisions of each to Developer's satisfaction; and that Franchisor has accorded Developer ample time and opportunity to consult with advisors of its own choosing about the potential benefits and risks of entering into this Agreement.

B. Developer acknowledges that it has received a copy of this Agreement and the attachments thereto, at least five (5) business days prior to the date on which this Agreement was executed. Developer further acknowledges that Developer has received the disclosure document required by the Trade Regulation Rule of the Federal Trade Commission entitled Disclosure Requirements and Prohibitions Concerning Franchising and Business Opportunity Ventures, at least ten (10) business days prior to the date on which this Agreement was executed.

C. Developer has been advised to consult with its own advisors with respect to the legal, financial and other aspects of this Agreement, the business franchised hereby, and the prospects for that business. Developer has either consulted with such advisors or has deliberately declined to do so.

D. The covenants not to compete set forth in this Agreement are fair and reasonable, and will not impose any undue hardship on Developer, since Developer has other considerable skills, experience and education which afford Developer the opportunity to derive income from other endeavors.

E. Developer affirms that all information set forth in any and all applications, financial statements and submissions to Franchisor is true, complete and accurate in all respects, with Developer expressly acknowledging that Franchisor is relying upon the truthfulness, completeness and accuracy of such information.

F. Developer has conducted an independent investigation of the business contemplated by this Agreement and recognizes that, like any other business, an investment in a Western Sizzlin Franchise Corporation Franchised Restaurant involves business risks and that the success of the venture is primarily dependent upon the business abilities and efforts of Developer.

G. Developer hereby consents and agrees that certain disputes arising between Franchisor and Developer be submitted to arbitration as provided in Paragraph XVIII.A. of this Agreement.

H. DEVELOPER UNDERSTANDS AND ACKNOWLEDGES THAT ALL REPRESENTATIONS OF FACT CONTAINED HEREIN ARE MADE SOLELY BY FRANCHISOR. ALL DOCUMENTS, INCLUDING FRANCHISOR'S FRANCHISE AGREEMENT, AREA DEVELOPMENT AGREEMENT AND FRANCHISE DISCLOSURE DOCUMENT AND ALL EXHIBITS THERETO, HAVE BEEN PREPARED SOLELY IN RELIANCE UPON REPRESENTATIONS MADE AND INFORMATION PROVIDED BY FRANCHISOR, ITS OFFICERS AND DIRECTORS. DEVELOPER FURTHER AGREES TO INDEMNIFY AND HOLD HARMLESS THE PREPARER OF ANY AND ALL SUCH FRANCHISE AGREEMENTS, DISCLOSURE DOCUMENTS AND EXHIBITS THERETO FROM ANY AND ALL LOSS, COSTS, EXPENSES (INCLUDING ATTORNEYS' FEES), DAMAGES AND LIABILITIES RESULTING FROM ANY REPRESENTATIONS AND/OR CLAIMS MADE BY FRANCHISOR IN SUCH DOCUMENTS.

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

If Developer is an individual:

ATTEST: WESTERN SIZZLIN FRANCHISE CORPORATION:

____

By: ______________________________

Title: ______________________________

Developer

If Developer is a corporation or partnership:
ATTEST/WITNESS:

WESTERN SIZZLIN FRANCHISE CORPORATION:

____

By: ________________________________

Title: ________________________________

Developer:

____

By:________________________________

Title:________________________________

____

By:________________________________

Title: ________________________________

EXHIBIT A TO THE AREA DEVELOPMENT AGREEMENT

DESCRIPTION OF TERRITORY

WESTERN SIZZLIN FRANCHISE CORPORATION:

By: ________________

Title: ________________

Date: ________________

DEVELOPER:

By: ________________

Title: ________________

Date: ________________

EXHIBIT B TO THE AREA DEVELOPMENT AGREEMENT

DEVELOPMENT SCHEDULE

At the dates set forth below, the Developer is obligated by Paragraph III, of this Agreement to have open the number of Western Sizzlin Steak & More Franchised Restaurants indicated:

Number of
Western Sizzlin Steak & More Franchised Restaurants

Franchised Restaurant	Date of Execution of Franchise Agreement	Anticipated Date of Commencement of Operations
________	________	____________________
____	________	____________________
____	________	____________________
____	________	____________________
____	________	____________________
____	________	____________________
____	________	____________________
____	________	____________________
____	________	____________________
____	________	____________________

Franchises Granted in Designated Territory Prior to
Execution of Area Development Agreement

________	________
________	________
________	________
________	________
________	________
________	________
________	________

EXHIBIT C TO THE AREA DEVELOPMENT AGREEMENT

GUARANTY AND ASSUMPTION OF OBLIGATIONS

THIS GUARANTY AND ASSUMPTION OF OBLIGATIONS is given this ____ day of _______, 20__, by ____.

In consideration of, and as an inducement to, the execution of that certain Area Development Agreement of even date herewith ("Agreement") by WESTERN SIZZLIN FRANCHISE CORPORATION ("Franchisor"), each of the undersigned hereby personally and unconditionally (1) guarantees to Franchisor, and its successors and assigns, for the term of the Agreement and thereafter as provided in the Agreement, that ______________________ ("Developer") shall punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement; and (2) shall personally be bound by, and personally liable for the breach of each and every provision in the Agreement, both monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities. Each of the undersigned waives: (1) acceptance and notice of acceptance by Franchisor of the foregoing undertakings; (2) notice of demand for payment of any indebtedness or non-performance of any obligations hereby guaranteed; (3) protest and notice of default to any party with respect to the indebtedness or non-performance of any obligations hereby guaranteed; (4) any right he may have to require that an action be brought against Developer or any other person as a condition of liability; and (5) any and all other notices and legal or equitable defenses to which he may be entitled.

Each of the undersigned consents and agrees that: (1) his direct and immediate liability under this guaranty shall be joint and several; (2) he shall render any payment or performance required under the Agreement upon demand if Developer fails or refuses punctually to do so; (3) such liability shall not be contingent or conditioned upon pursuit by Franchisor of any remedies against Developer or any other person; and (4) such liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which Franchisor may from time to time grant to Developer or to any other person, including without limitation the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which shall in any way modify or amend this guaranty, which shall be continuing and irrevocable during the term of the Agreement.

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

GUARANTOR(S)	PERCENTAGE OF OWNERSHIP IN DEVELOPER
________________	________________%
________________	________________%
________________	________________%
________________	________________%
________________	________________%

WESTERN SIZZLIN FRANCHISE CORPORATION
WOODGRILL BUFFET

AREA DEVELOPMENT AGREEMENT

EXHIBIT C-1 TO THE DISCLOSURE DOCUMENT

WESTERN SIZZLIN FRANCHISE CORPORATION

AREA DEVELOPMENT AGREEMENT

THIS CONTRACT IS SUBJECT TO ARBITRATION

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WESTERN SIZZLIN FRANCHISE CORPORATION

AREA DEVELOPMENT AGREEMENT

This Area Development Agreement ("this Agreement") made this __ day of _____, 20_, by and between WESTERN SIZZLIN FRANCHISE CORPORATION, a Delaware corporation, having its principal place of business at 89 Summers Way, Suite 103, Roanoke, Virginia 24019 ("Franchisor"), and _______________("Developer").

WITNESSETH:

WHEREAS, Franchisor, over a period of time and as the result of the expenditure of time, expertise, effort and money, (i) has developed and owns unique Systems ("System") identified by the Marks of Western Sizzlin Franchise Corporation and, "Western Sizzlin's Wood Grill Buffet" relating to the establishment, development, operation and maintenance of family steak house restaurants featuring steak dishes and related food and beverage items and hot and cold buffet items, all prepared in accordance with specified recipes and/or procedures ("Menu Items"), and offering seating for on-premises consumption; (ii) have developed certain presentation, packaging and marketing standards and techniques for all Proprietary Products; and (iii) have developed consumer acceptance for all Menu Items ("Franchised Restaurant"); and

WHEREAS, the distinguishing characteristics of the System include, without limitation, distinctive exterior and interior layout, design and color scheme; exclusively designed signage, decorations, furnishings and materials; special recipes, formulae, menus and food and beverage designations; The Western Sizzlin Franchise Corporation's Confidential Operations Manual ("Manual"); food and beverage storage, preparation and service procedures and techniques; operating procedures for sanitation and maintenance; and methods and techniques for inventory and cost controls, record keeping and reporting, personnel management, purchasing, sales promotion and advertising, all of which may be changed, improved and further developed by Franchisor from time to time; and

WHEREAS, Franchisor is the owner of the right, title and interest, together with all the goodwill connected thereto, in and to the trade names, service marks and trademarks "Western Sizzlin" associated logos, logotypes, insignias, trade dress, design commercial symbols and such other trade names, service marks and trademarks as are now designated (and may hereinafter be designated by Franchisor in writing) as part of the System ("Mark[s]"); and

WHEREAS, Franchisor shall continue to develop, use and control such Marks for the benefit and use of Franchisor and Franchisor's developers in order to identify for the public the source of food products and services marketed thereunder and to represent the System's high standards of quality regarding Menu Items, operations, food products, ingredients, appearance and service; and

WHEREAS, Franchisor grants to qualified persons franchises to own and operate Western Sizzlin Franchise Corporation's Franchised Restaurants offering food products and services authorized and approved by Franchisor and utilizing the System and Marks; and

WHEREAS, Developer desires to operate a "Western Sizzlin's Wood Grill Buffet" using the System and Marks and has applied for a franchise, which application has been approved by Franchisor in reliance upon all of the representations made therein; and

WHEREAS, Developer understands and acknowledges the importance of Franchisor's high and uniform standards of quality, operations and customer service and the necessity of operating Western Sizzlin Franchise Corporation's Franchised Restaurant in conformity with Franchisor's standards and specifications; and

WHEREAS, Franchisor expressly disclaims the making of and Developer acknowledges that it has not received nor relied upon any warranty or guaranty, express or implied, as to the revenues, profits or success of the business venture contemplated by this Agreement. Developer acknowledges that it has read this Agreement and Franchisor's Franchise Disclosure Document and that it has no knowledge of any representations by Franchisor or its officers, directors, shareholders, employees or agents that are contrary to the statements made in Franchisor's Franchise Disclosure Document or to the terms herein.

NOW, THEREFORE, the parties, in consideration of the undertakings and commitments of each party to the other set forth in this Agreement, hereby agree as follows:

I. GRANT

A. Franchisor hereby grants to Developer, pursuant to the terms and conditions of this Agreement, options to obtain licenses to establish and operate "Western Sizzlin's Wood Grill Buffet" Franchised Restaurants featuring the Menu Items and offering on-premises dining within the territory described in Exhibit A attached hereto and incorporated herein by this reference ("Designated Territory").

B. Developer shall be bound by the development schedule ("Development Schedule") set forth in Exhibit B. Time is of the essence of this Agreement. Each Franchised Restaurant shall be established and operated pursuant to a separate Franchise Agreement ("Franchise Agreement") to be entered into by Developer and Franchisor. Each Franchise Agreement shall be in the form of Franchisor's then-current form of Franchise Agreement.

C. Except as otherwise provided in this Agreement, Franchisor shall not establish, nor license anyone other than Developer the right to establish any business in the Designated Territory prior to the expiration of the development schedule, excepting certain franchises which have heretofore been granted to others as set forth in Exhibit B.

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

E. Developer may not offer, sell or negotiate the sale of Western Sizzlin Franchise Corporation's Franchised business to any third party, either in Developer's own name or in Franchisor's name, or otherwise subfranchise or divide the Area Development Agreement. Nothing in this Agreement will be construed as granting you the right to do so.

II. DEVELOPMENT FEE

A. As consideration for the rights and options granted herein, Developer shall pay to Franchisor an initial individual franchise fee in the amount of THIRTY THOUSAND DOLLARS ($30,000.00) for each Western Sizzlin Franchise Corporation Restaurant. Simultaneously with the execution of this Agreement, Developer shall execute a Franchise Agreement for the first Western Sizzlin Franchise Corporation Restaurant to be developed, and shall pay the initial franchise fee under such Franchise Agreement in the amount of THIRTY THOUSAND DOLLARS ($30,000.00); and an amount equal to FIFTEEN THOUSAND DOLLARS ($15,000.00) of the initial franchise fee specified above for each additional Western Sizzlin Franchise Corporation Restaurant which Developer is granted the option to develop under this Agreement ("Development Fee"). The Development Fee due at the time of execution of this Agreement is ___________ DOLLARS ($____). The Development Fee, which is to be paid at the time of execution of this Agreement, is consideration for this Agreement and not consideration for any Franchise Agreement, is fully earned by Franchisor upon execution of this Agreement and is non-refundable, notwithstanding any provision to the contrary contained in any Franchise Agreement. The balance of the initial franchise fee for each Western Sizzlin Franchise Corporation Restaurant shall be due upon execution of the applicable individual Franchise Agreement.

B. Developer shall submit a separate application for each Franchised Restaurant to be established within the Designated Territory by Developer. Upon approval of the site of the Franchised Restaurant by Franchisor, a separate Franchise Agreement shall be executed for each such Franchised Restaurant, at which time payment representing the balance of the appropriate individual franchise fee is due and owing in accordance with the terms of the Franchise Agreement. Upon the execution of each Franchise Agreement, the terms and conditions of such Franchise Agreement shall control the establishment and operation of such Franchised Restaurant.

III. DEVELOPMENT SCHEDULE AND MANNER OF EXERCISING OPTIONS

A. Developer shall be bound by and strictly follow the Development Schedule set forth in Exhibit B. Time is of the essence. By the dates set forth under the Development Schedule ("Option Period(s)"), Developer shall exercise options by entering into Franchise Agreements with Franchisor pursuant to this Agreement for the number of Franchised Restaurants described under the Development Schedule. Developer shall at all times after the expiration of each of the Option Periods continuously maintain in operation pursuant to each Franchise Agreement at least the number of Franchised Restaurants set forth in the Development Schedule, provided, however, that such obligation does not apply to businesses that are transferred in accordance with the provisions of the Franchise Agreement, or are closed due to force majeure.

B. Developer shall exercise each option granted herein only as follows:

1. By giving Franchisor written notice of Developer's intention to exercise such option at least thirty (30) days before the execution of the Franchise Agreement for the applicable business; and

2. By executing the then-current form of the Franchise Agreement for the applicable business and complying with its terms including, without limitation, the payment of the unpaid balance of the applicable franchise fee.

Franchisor shall execute the Franchise Agreement only if (i) Developer is in compliance with all and is not in default of any requirements and obligations of this Agreement and all other agreements between Franchisor and Developer; and (ii) Developer is in compliance with all and is not in default of any of its respective obligations under any Franchise Agreement. In order to meet the Development Schedule, the Franchise Agreement must be executed by Developer and Franchisor within the applicable Option Period(s). Developer must comply with all of the terms and conditions of each Franchise Agreement.

C. Should Developer be unable to meet the Minimum Development Obligation solely as the result of force majeure, including, but not limited to, strikes, material shortages, fires, floods, earthquakes, and other acts of God, or by force of law, which resulted in the inability of Developer to construct or operate Restaurant(s) in the Territory, and which Developer could not by the exercise of due diligence have avoided, the Development Periods shall be extended by the amount of time during which such force majeure existed.

IV. TERM AND RIGHT OF FIRST REFUSAL

A. The term of this Agreement (the "Term") shall commence on the __ day of ____, 20_, and, unless sooner terminated in accordance with the provisions herein, or extended as provided in Paragraph III.C. shall expire on the __ day of _______, 20_.

B. Developer shall have no right to renew this Agreement.

C. Within sixty (60) days prior to the expiration of the Term, if Franchisor shall determine that further development of the Designated Territory is desirable, Franchisor shall notify Developer in writing of Franchisor's determination to develop additional Franchised Restaurants in the Designated Territory and a plan for such development over a five (5) year term. Subject to the conditions set forth in Paragraph IV.E. of this Agreement, Developer shall have a prior right to undertake the additional development which Franchisor shall have set forth in its notice to Developer. If such right of additional development is not exercised by Developer, Franchisor or any Franchisee, may construct, equip, open and operate additional Franchised Restaurants in the Designated Territory, but not in violation of the Territory granted to Developer under any Franchise Agreement currently in effect.

D. At the time Franchisor delivers to Developer, Franchisor's written notice of its determination to undertake additional development in the Designated Territory, Franchisor shall also deliver to Developer two (2) copies of the then-current area development agreement. ("Then-current," as used in this Agreement shall mean the form then currently provided to prospective developers or area developers, or if not then being so provided, then the last such form delivered and executed by a developer of Franchisor). The new area development agreement, which may vary substantially from this Agreement, will reflect Developer's new development obligation consistent with Franchisor's plan for additional development set forth in its notice to Developer. Within thirty (30) days after Developer's receipt of the new area development agreement, but no sooner than immediately after any applicable waiting periods prescribed by law ("Disclosure Period") have passed, Developer shall execute two (2) copies of the Development Agreement and return them to Franchisor. If Developer has so executed and returned the copies and has satisfied the conditions set forth in Paragraph IV.E., Franchisor will execute the copies and return one (1) fully executed copy to Developer.

E. Developer's right to additional development described above shall be subject to Developer's fulfillment of the following conditions precedent:

1. Developer shall have fully performed all of its obligations under this Agreement and all other agreements between Franchisor and Developer.

2. Developer shall have demonstrated to Franchisor, the financial capacity to perform the additional development obligations set forth in the new area development agreement. In determining if Developer is financially capable, Franchisor will apply the same criteria to Developer as it applies to prospective area developers at that time.

3. Developer shall continue to operate, in the Designated Territory, the aggregate number of Franchised Restaurants required and set forth in Exhibit B.

V. <u>DUTIES OF THE DEVELOPER</u>

A. Developer shall perform the following obligations:

1. Developer shall comply with all terms and conditions set forth in this Agreement.

2. Developer shall comply with all of the terms and conditions of each Franchise Agreement including, without limitation, the operating requirements specified in each Franchise Agreement; however, Developer may not be required to attend an initial developer training course conducted at a Franchisor designated location in connection with the second or any subsequent Franchised Restaurant.

3. Developer shall at all times preserve in confidence any and all materials and information furnished or disclosed to Developer by Franchisor, and Developer shall disclose such information or materials only to such of its employees or agents who must have access to it in connection with their employment. Developer shall not at any time, without Franchisor's prior written consent, copy, duplicate, record or otherwise reproduce such materials or information, in whole or in part, nor otherwise make the same available to any unauthorized person.

4. Developer shall comply with all requirements of federal, state and local laws, rules and regulations.

VI. <u>PROPRIETARY MARKS/CONFIDENTIALITY</u>

A. Notwithstanding any provision to the contrary under this Agreement, it is understood and agreed that this Agreement does not grant the Developer any right to use the Marks or to use any of Franchisor's trade secret and/or confidential information, as defined below. Further, it is understood and agreed that this Agreement does not grant the Developer any right to any copyright or patent which the Franchisor now owns or may hereinafter own. Rights to the Marks, trade secrets (and/or confidential information), copyrights or patents are granted only under the Franchise Agreements to be executed by Franchisor and Developer.

B. Developer and its owners, officers and directors, if any, acknowledge that their entire knowledge of the operation of the Franchised Restaurant, including the knowledge or know-how regarding the preparation of Menu Items, Trade Secret Food Products and other food products, and other specifications, product formulae, standards and operating procedures of a Western Sizzlin Franchise Corporation Franchised Restaurant, is derived from information disclosed to Developer by Franchisor and that certain of such information is proprietary, confidential and constitutes trade secrets of Franchisor. In addition, any improvements developed by Developer pursuant to Developer's operation of any Franchised Restaurant shall constitute proprietary information of Franchisor. "Trade secrets" refer to the whole or any portion of know-how, knowledge, methods, recipes, formulae, specifications, processes, procedures and/or improvements regarding Western Sizzlin Franchise Corporation Franchised Restaurant and the System that is valuable and secret in the sense that it is not generally known to competitors of Franchisor. Developer and its owners, officers and directors, if any, jointly and severally, agree that during and after the term of this Agreement for so long as any Franchisor treats any such information as its trade secret, they will maintain the absolute confidentiality of all trade secret information and will not disclose, sell or use any such information in any other business or in any manner not specifically authorized or approved in advance in writing by Franchisor.

C. Developer and its owners, officers and directors, if any, shall divulge such trade secret and confidential information only to the extent and only to such of its employees as must have access to it in order to perform obligations under this Agreement or a Franchise Agreement. Any and all information, knowledge and know-how of Franchisor including, without limitation, the Confidential Operations Manual, specifications and standards concerning the operation of Western Sizzlin Franchise Corporation Franchised Restaurants and other materials and information provided to Developer by Franchisor, shall be deemed confidential for purposes of this Agreement, except information which Developer can demonstrate lawfully came to its attention prior to disclosure thereof by Franchisor (other than under an obligation of confidentiality); or which, at the time of disclosure by Franchisor to Developer, had lawfully become a part of the public domain, through publication or communication by others; or which, after disclosure to Developer by Franchisor, lawfully becomes a part of the public domain, through publication or communication by others.

D. Due to the special and unique nature of the trade secrets, confidential information, proprietary marks and Confidential Operations Manual of Franchisor, Developer and its owners, officers and directors, if any, hereby, jointly and severally, agree and acknowledge that Franchisor shall be entitled to immediate equitable remedies including, but not limited to, restraining orders and injunctive relief, in order to safeguard such proprietary, confidential, unique and special information of Franchisor and that money damages alone would be an insufficient remedy with which to compensate Franchisor for any breach of the terms of this Paragraph VI. Furthermore, Developer agrees that all owners, directors, shareholders, partners and employees of Developer having access to the trade secrets, confidential and proprietary information of Franchisor and any owners, officers, directors or other employees designated by Franchisor shall be required to execute confidentiality agreements acceptable to Franchisor.

E. Developer is granted access to certain confidential information and trade secrets pertaining to the System only pursuant to each individual Franchise Agreement executed between Developer and Franchisor, and the foregoing paragraphs are not intended, and shall not be interpreted, to grant or entitle Developer to receive any such confidential information or trade secrets pursuant to this Agreement.

VII. DEFAULT AND TERMINATION

A. The options and territorial exclusivity granted to Developer in this Agreement have been granted in reliance on Developer's representations and warranties, and strictly on the conditions set forth in this Agreement including, without limitation, the condition that Developer comply strictly with the Development Schedule.

B. Developer shall be deemed in default under this Agreement, and all rights granted herein to Developer shall automatically terminate without notice: (i) If Developer shall be adjudicated bankrupt, becomes insolvent, commits any affirmative action of insolvency or files any action or petition of insolvency, or if a receiver (permanent or temporary) of its property or any part thereof is appointed by a court of competent authority, or if it makes a general assignment for the benefit of its creditors; (ii) if a final judgment remains unsatisfied of record for thirty (30) days or longer (unless supersedeas bond is filed); (iii) if execution is levied against Developer's business or property, or; (iv) if suit to foreclose any lien or mortgage against Developer's premises or equipment is instituted against Developer and not dismissed within thirty (30) days, or is not in the process of being dismissed; provided, however, that Franchisor reserves the right to be named as trustee or receiver in any voluntary petition for bankruptcy or insolvency filed by Developer.

C. If Developer (i) fails to exercise options and enter into Franchise Agreements with Franchisor pursuant to this Agreement for the Franchised Restaurants within any Options Period as set forth in the Development Schedule; (ii) fails to comply with any other term and condition of this Agreement; (iii) makes or attempts to make a transfer or assignment in violation of this Agreement; or (iv) fails to comply with the terms and conditions of any individual Franchise Agreement with Franchisor, or of any other agreement to which Developer and Franchisor are parties, any such event shall constitute a default under this Agreement. Upon any such default, Franchisor, in its discretion, may do any one or more of the following:

1. Terminate this Agreement and all rights granted hereunder to Developer without affording Developer any opportunity to cure the default effective immediately upon receipt by Developer of written notice from Franchisor;

2. Reduce the number of Franchised Restaurants, without any reduction of the Development Fee, which are subject to options granted to Developer pursuant to this Agreement;

3. Terminate or reduce in any manner, in Franchisor's discretion, the territorial exclusivity granted Developer in Paragraph I. hereof; or

4. Exercise any other rights and remedies which Franchisor may have.

D. Upon termination of this Agreement, all remaining options granted to Developer to establish Franchised Restaurants under this Agreement shall automatically be null and void. Developer shall have no right to establish or operate any Western Sizzlin Franchise Corporation Franchised Restaurant for which a Franchise Agreement has not been executed by Franchisor. Franchisor shall be entitled to establish, and to license others to establish, Franchised Restaurants which will operate in the Designated Territory except as may be otherwise provided under any Franchise Agreement which has been executed between Franchisor and Developer, or Developer's affiliates, and which has not been terminated. No default under this Agreement shall constitute a default under any Franchise Agreement between the parties hereto, except to the extent that any default under this Agreement constitutes a default under any Franchise Agreement in accordance with the terms of the Franchise Agreement. Notwithstanding the above, the terms and conditions of each Franchise Agreement must be complied with by the Developer thereunder and shall control in determining whether any default exists under such Franchise Agreement.

E. No right or remedy herein conferred upon or reserved to Franchisor is exclusive of any other right or remedy provided or permitted by law or equity.

VIII. TRANSFERABILITY

A. This Agreement and all rights hereunder can be assigned and transferred by Franchisor and, if so, shall be binding upon and inure to the benefit of Franchisor's successors and assigns; provided, however, that with respect to any assignment resulting in the subsequent performance by the assignee of the functions of Franchisor, the assignee shall:

1. At the time of such assignment, be financially responsible and economically capable of performing the obligations of Franchisor hereunder; and

2. Expressly assume and agree to perform such obligations. Specifically, and without limitation to the foregoing, Developer expressly agrees that Franchisor may sell its assets, Marks or System outright to a third party; may make a public offering of securities; may engage in a private placement of some or all of its securities; may merge, acquire other corporations or entities or be acquired by another corporation or other entity; may undertake a refinancing, recapitalization, leveraged buy out or other economic or financial restructuring; and, with regard to any or all of the above sales, assignments and dispositions, Developer expressly and specifically waives any claims, demands or damages arising from or related to the loss of said Marks (or any variation thereof) and/or the loss of association with or identification of WESTERN SIZZLIN FRANCHISE CORPORATION as Franchisor hereunder. Nothing contained in this Agreement shall require Franchisor to remain in the business in the event that Franchisor exercises its rights hereunder to assign its rights in this Agreement.

B. Should Developer at some time in the future desire to make either a public or a private offering of its securities, prior to such offering and sale, and prior to the public release of any statements, data or other information of any kind relating to the proposed offering of Developer's securities, Developer shall secure the written approval of Franchisor, which approval shall not be unreasonably withheld. Developer shall secure Franchisor's prior written approval of any and all press releases, news releases and any and all other publicity, the primary purpose of which is in the public interest in its offering. Only to the extent that written approval has been given by Franchisor, Developer may proceed to file, publish, issue and release and make public any data, material or information regarding its securities offering or the Franchised Restaurants. It is specifically understood that any review by Franchisor is solely for its own information, and its approval shall not constitute any kind of authorization, acceptance, agreement, endorsement, approval or ratification of the same, either express or implied; and Developer shall make no oral or written notice of any kind whatsoever indicating or implying that Franchisor and/or related corporations or persons have any interest in or relationship whatsoever to the proposed offering other than acting as Franchisor. Developer agrees to indemnify and hold harmless Franchisor and its subsidiaries, and their owners, directors, officers, employees, successors and assigns, from all claims, demands, costs, fees, charges, liabilities or expenses (including attorneys' fees) of any kind whatsoever arising from Developer's offering or information published or communicated and any actions taken with regard thereto.

C. This Agreement has been entered into by Franchisor in reliance upon and in consideration of the singular personal skill, qualifications and trust and confidence placed in Developer or, in the case of a corporate, limited liability company, or partnership franchisee, the principal officers, managers, or partners thereof who will actively and substantially participate in the ownership and operation of the Franchised Business. Therefore, neither Developer's interest in this Agreement nor any of its rights or privileges shall be assigned or transferred, voluntarily or involuntarily, in whole or in part, by operation of law or otherwise, in any manner.

Notwithstanding anything herein to the contrary, in the event of the death or legal incapacity of Developer or, in the case of a corporate franchisee, a stockholder owning twenty percent (20%) or more of the Developer's capital stock or voting power, or in the case of a limited liability company, a member owning 20% or more of the membership interests, or in the case of a partnership Developer, a partner owning twenty percent (20%) or more of the partnership interest, the transfer of Developer's or such stockholder's or partner's interest in this Agreement to his heirs, personal representatives or conservators, as applicable, shall require Franchisor's written consent, but shall not give rise to Franchisor's right of first refusal hereunder, although such right shall apply as to any proposed transfer or assignment by such heirs, personal representatives or conservators.

Should Franchisor not elect to exercise its said right of first refusal, or should such right of first refusal be inapplicable, as herein provided, Franchisor's consent to such assignment, but not to the partition, sharing or dividing of rights under this Agreement, shall not be unreasonably withheld; provided, however, that the Franchisor may impose any reasonable condition(s) to the granting of its consent. Without limiting the generality of the foregoing, the imposition of any or all of the following conditions to its consent to any such assignment shall be deemed to be reasonable:

1. That the assignee (or the principal officers, shareholders, directors or general partners of the assignee in the case of a corporate or partnership assignee) demonstrate that the skills, qualifications and economic resources necessary, in Franchisor's judgment, reasonably exercised, to own and operate the Franchised Restaurants contemplated by this Agreement, and by all other agreements between the Franchisor and such assignee, and all agreements proposed to be assigned to such assignee;

2. That the assignee expressly assumes in writing, for the benefit of Franchisor, all of the obligations of Developer under this Agreement;

3. That as of the date of any such assignment, the assignor shall have fully complied with all of its obligations to Franchisor, whether under this Agreement or any other agreement, arrangement or understanding with Franchisor;

4. That assignee, if then a Developer of Franchisor, is not then in default of any obligations to Franchisor; or

5. That the assignee shall pay to Franchisor a transfer fee equal to FIVE THOUSAND DOLLARS ($5,000.00) for an existing Franchisee or TEN THOUSAND DOLLARS ($10,000.00) for a new Franchisee, which is a reasonable amount to cover Franchisor's expenses relating to said assignment. A training fee of TEN THOUSAND DOLLARS ($10,000.00) will be required provided, however, that Franchisor may waive such training fee if the assignment is to an existing Franchisee.

If Developer is a corporation, or limited liability company, the death or legal incapacity of any shareholder or member owning twenty percent (20%) or more of the capital stock or voting power of Developer, the issuance of any securities by Developer, the transfer of twenty percent (20%) or more in the aggregate of the capital stock or voting power of Developer, by operation of law or otherwise, or any merger, stock redemption, consolidation, reorganization or recapitalization involving Developer, shall be deemed to be an assignment of this Agreement within the meaning of this Section. If Developer is a general or limited partnership, the legal incapacity, death or withdrawal of any general partner, admission of any additional general partner, or the transfer of any general partner's interest in the property, management or profits and/or losses of the partnership shall be deemed to be an assignment hereunder.

Developer shall not in any event have the right to pledge, encumber, hypothecate or otherwise give any third party a security interest in this Agreement in any manner whatsoever without the express prior written permission of Franchisor, which permission may be withheld for any reason whatsoever in Franchisor's sole subjective judgment.

D. Upon death or incapacity Franchisor's said right of first refusal shall be exercised in the following manner:

1. Developer (or Developer's representative) shall deliver to Franchisor a written notice clearly and unambiguously setting forth all of the terms and conditions of the proposed assignment and all available information concerning the proposed assignee, including but not limited to, information concerning the employment history, financial condition, credit history, skill and qualifications of the proposed assignee and, in the case of a partnership or corporate assignee, of its partners and shareholders as applicable.

2. Within thirty (30) days after Franchisor's receipt of such notice (or if Franchisor shall request additional information, within thirty (30) days after receipt of such additional information), Franchisor may either consent or withhold its consent to such assignment, or, at its option, accept the assignment to itself or to its nominee upon the terms and conditions specified in the notice. Franchisor may substitute an equivalent sum of cash for any consideration other than cash specified in said notice.

3. If Franchisor shall elect not to exercise its said right of first refusal and shall consent to such assignment, Developer (or Developer's representative) may assign this Agreement to such proposed assignee on the terms and conditions specified in said notice. If, however, Franchisor does not elect to exercise its right of first refusal and said terms shall be materially changed, or if more than ninety (90) days shall pass without such assignment occurring, such changed terms or lapse of time shall be deemed a new proposal and Franchisor shall again have such right of first refusal with respect thereto.

E. Developer shall not execute any Franchise Agreement, or construct or equip any Franchised Restaurant with a view to transfer or assign such Franchise Agreement or Franchised Restaurant.

IX. COVENANTS

A. Unless otherwise specified, the term "Developer" as used in this Paragraph IX. shall include, collectively and individually, Developer as defined in Paragraph XIX.

B. Developer covenants that during the term of this Agreement and any renewals thereof, except as otherwise approved in writing by Franchisor, Developer (if Developer is an individual), a shareholder of a beneficial interest of ten percent (10%) or more of the securities of Developer (if Developer is a corporation), a managing member owning a beneficial interest of 10% or more of the interests if Developer is a limited liability company, a general partner of Developer (if Developer is a partnership) or Developer's full-time manager approved by Franchisor shall devote full-time energy and best efforts to the management and operation of the Franchised Restaurants to be franchised in accordance with the rights and options granted pursuant to this Agreement.

C. The address where Developer's Financial Records, and corporate or partnership records, as applicable, are maintained is:

____

____

____

D. Developer covenants that during the term of this Agreement, except as otherwise approved in writing by Franchisor, shall not, either directly or indirectly, for itself, or through, on behalf of or in conjunction with any person, persons, partnership or corporation:

1. Divert or attempt to divert any business or customers of any of the Franchised Restaurants to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with any of Franchisor's Marks or the System.

2. Own, maintain, engage in or have any interest in any business (including any business operated by Developer prior to entry into this Agreement) specializing in whole or in part, in dispensing, promoting or selling prepared food products, or any other business which sells or offers to sell prepared food products or services, the same as or similar to those sold in the System.

E. Developer specifically acknowledges that, pursuant to this Agreement, Developer will receive valuable training and confidential information including, without limitation, information regarding the promotional, operational, sales and marketing methods and techniques of Franchisor and the System. Accordingly, Developer covenants that, except as otherwise approved in writing by Franchisor, Developer shall not, for a period of one (1) year after the expiration or termination of this Agreement, regardless of the cause of termination, either directly or indirectly, for himself, or through, on behalf of or in conjunction with any person, persons, partnership or corporation, own, maintain, engage in, consult with or have any interest in any restaurant business or prepared food business engaged primarily in the preparation and sale of steak and/or featuring a food bar or other prepared food products or services, the same as or similar to the type sold in the System.

F. The parties have attempted to limit the Developer's right to compete only to the extent necessary to protect the Franchisor from unfair competition. Each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Paragraph IX. is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which Franchisor is a party, Developer expressly agrees to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Paragraph IX.

G. Developer understands and acknowledges that Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in Paragraphs IX.D. or IX.E. of this Agreement, or any portion thereof, without Developer's consent, effective immediately upon receipt by Developer of written notice thereof, and Developer agrees that it shall comply forthwith with any covenant as so modified, which shall be fully enforceable notwithstanding the provisions of Paragraph XV. hereof.

H. Franchisor shall have the right to require all of Developer's personnel performing managerial or supervisory functions and all personnel receiving special training from Franchisor to execute similar covenants in a form satisfactory to Franchisor.

I. In addition to the foregoing covenants, Developer shall be bound by and comply with the covenants contained in each Franchise Agreement executed by Franchisor and Developer.

X. <u>NOTICES</u>

Any and all notices required or permitted under this Agreement shall be in writing and shall be personally delivered, delivered by messenger or delivery services, mailed by certified mail return receipt requested, or facsimile transmission, and shall be effective when received or confirmation of receipt is acknowledged to the respective parties at the following addresses unless and until a different address has been designated by written notice to the other party:

Notices to Franchisor: WESTERN SIZZLIN FRANCHISE CORPORATION
89 Summers Way, Suite 103
Roanoke, Virginia 24019
Facsimile No.: (540) 345-0831

Notices to Developer: Facsimile No.:

Any notice by certified mail shall be deemed to have been given at the date and time of mailing.

XI. INDEPENDENT CONTRACTOR AND INDEMNIFICATION

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

B. Developer shall hold itself out to the public to be an independent contractor operating pursuant to this Agreement. Developer agrees to take such actions as shall be necessary to that end.

C. Developer understands and agrees that nothing in this Agreement authorizes Developer to make any contract, agreement, warranty or representation on Franchisor's behalf, or to incur any debt or other obligation in Franchisor's name, and that Franchisor assumes no liability for, nor shall Franchisor be deemed liable by reason of, any act or omission of Developer in Developer's conduct of any Franchised Restaurant, or any claim or judgment arising therefrom. Developer shall indemnify and hold Franchisor harmless against any and all such claims directly or indirectly from, as a result of or in connection with Developer's operations hereunder or under any Franchise Agreement, as well as the costs, including attorneys' fees, of defending against them.

D. Developer acknowledges that because complete and detailed uniformity under many varying conditions may not be possible or practical, Franchisor specifically reserves the right and privilege, at its sole discretion and as it may deem in the best interests of all concerned in any specific instance, to vary standards for any developer based upon the peculiarities of the particular location or circumstance, business potential, population of trade area, existing business practices or any other condition which Franchisor deems to be of importance to the successful operation of such Developer's business under any Franchise Agreement. Developer shall not be entitled to require Franchisor to disclose or grant to Developer a like or similar variation hereunder to that which may be accorded to any other developer.

XII. APPROVALS

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

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

XIII. NON-WAIVER

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

XIV. SEVERABILITY AND CONSTRUCTION

A. Each provision of this Agreement shall be deemed severable from the others.

B. Nothing in this Agreement shall confer upon any person or legal entity other than Franchisor or Developer and such of their respective successors and assigns as may be contemplated by Paragraph VIII. hereof, any rights or remedies under or by reason of this Agreement.

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

D. All references herein to gender and number shall be construed to include such other gender and number as the context may require, and all acknowledgments, promises, covenants, agreements and obligations herein made or undertaken by Developer shall be deemed jointly and severally undertaken by all the parties hereto which execute this Agreement on behalf of Developer.

E. This Agreement may be executed in duplicate and each copy so executed shall be deemed an original.

XV. ENTIRE AGREEMENT

This Agreement constitutes the entire, full and complete agreement between Franchisor and Developer concerning the subject matter hereof, and supersedes all prior agreements. There are no other oral or written understandings or agreements between the parties relating to the subject matter of this Agreement. Notwithstanding the foregoing, nothing in this Agreement shall disclaim or require Developer to waive reliance on any representation that Franchisor made in the most recent disclosure document (including its exhibits and amendments) that Franchisor delivered to Developer or its representative. No amendment, change or variance from this Agreement shall be binding on either party unless mutually agreed to by the parties and executed by themselves or their authorized officers or agents in writing.

XVI. SUPERIORITY OF FRANCHISE AGREEMENT

For each Western Sizzlin Franchise Corporation Franchised Restaurant developed in the Designated Territory, a separate Franchise Agreement shall be executed and any individual franchise fee as prescribed by Franchisor shall be paid to Franchisor. It is understood and agreed by Developer that any and all Franchise Agreements executed in connection with a Western Sizzlin Franchise Corporation Franchised Restaurant within the Designated Territory are independent of this Agreement. The continued existence of any such Franchise Agreement shall not depend on the continuing existence of this Agreement. If any conflict shall arise in connection with this Agreement and any Franchise Agreement executed within the Designated Territory, the latter shall have precedence and superiority over the former.

XVII. <u>APPLICABLE LAW</u>

A. **THIS AGREEMENT TAKES EFFECT UPON ITS ACCEPTANCE AND EXECUTION BY FRANCHISOR IN THE STATE OF VIRGINIA AND SHALL BE INTERPRETED AND CONSTRUED UNDER THE LAWS THEREOF, WHICH LAWS SHALL PREVAIL IN THE EVENT OF ANY CONFLICT OF LAW, EXCEPT TO THE EXTENT GOVERNED BY THE UNITED STATES TRADEMARK ACT OF 1946 (LANHAM ACT, 15 U.S.C. SECTIONS 1051 ET SEQ.).**

B. **DEVELOPER ACKNOWLEDGES THAT THIS AGREEMENT IS ENTERED INTO IN ROANOKE CITY, VIRGINIA, AND THAT ANY ACTION SOUGHT TO BE BROUGHT BY EITHER PARTY, EXCEPT THOSE CLAIMS REQUIRED TO BE SUBMITTED TO ARBITRATION SHALL BE BROUGHT IN THE APPROPRIATE STATE OR FEDERAL COURT WITH JURISDICTION OVER ROANOKE CITY, VIRGINIA, AND THE PARTIES DO HEREBY WAIVE ALL QUESTIONS OF PERSONAL JURISDICTION OR VENUE FOR THE PURPOSES OF CARRYING OUT THIS PROVISION.**

C. **NO RIGHT OR REMEDY CONFERRED UPON OR RESERVED TO FRANCHISOR OR DEVELOPER BY THIS AGREEMENT IS INTENDED TO BE, NOR SHALL BE DEEMED, EXCLUSIVE OF ANY OTHER RIGHT OR REMEDY HEREIN OR BY LAW OR EQUITY PROVIDED OR PERMITTED, BUT EACH SHALL BE CUMULATIVE OF EVERY OTHER RIGHT OR REMEDY.**

D. **NOTHING HEREIN CONTAINED SHALL BAR FRANCHISOR'S RIGHT TO OBTAIN INJUNCTIVE RELIEF AGAINST THREATENED CONDUCT THAT WILL CAUSE IT LOSS OR DAMAGES, UNDER THE USUAL EQUITY RULES, INCLUDING THE APPLICABLE RULES FOR OBTAINING RESTRAINING ORDERS AND PRELIMINARY INJUNCTIONS.**

XVIII. <u>ARBITRATION</u>

A. Any monetary claim arising out of or relating to this Agreement, or any breach thereof, excluding any claim relating to the confidential information or the Marks shall be submitted to arbitration in Roanoke City, Virginia, in accordance with the rules of the American Arbitration Association and judgment upon the award may be entered in any court having jurisdiction thereof. Nothing contained herein shall, however, be construed to limit or preclude Franchisor from bringing any action in any court of competent jurisdiction for injunctive or other provisional relief as Franchisor deems to be necessary or appropriate to compel Developer to comply with his obligations hereunder or to protect the Marks or other property rights of Franchisor. In addition, nothing contained herein shall be construed to limit or to preclude Franchisor from joining with any action for injunctive or provisional relief all monetary claims that Franchisor may have against Developer which arise out of the acts or omissions to act giving rise to the action for injunctive or provisional relief. This arbitration provision shall be deemed to be self-executing and in the event that Developer fails to appear at any properly noticed arbitration proceeding, award may be entered against Developer notwithstanding his failure to appear.

B. Nothing herein contained shall bar the right of either party to seek and obtain temporary injunctive relief from a court of competent jurisdiction in accordance with applicable law against threatened conduct that will cause loss or damage, pending completion of the arbitration.

C. It is the intent of the parties that any arbitration between Franchisor and Developer shall be of Developer's individual claim and that the claim subject to arbitration shall not be arbitrated on a classwide basis.

XIX. <u>"DEVELOPER" DEFINED AND GUARANTY</u>

As used in this Agreement, the term "Developer" shall include all persons who succeed to the interest of the original Developer by permitted transfer or operation of law and shall be deemed to include not only the individual or entity defined as "Developer" in the introductory paragraph of this Agreement, but shall also include all partners of the entity that executes this Agreement, in the event said entity is a partnership, and all shareholders, officers and directors of the entity that executes this Agreement, in the event said entity is a corporation. By their signatures hereto, all partners, shareholders, officers and directors of the entity that signs this Agreement as Developer acknowledges and accepts the duties and obligations imposed upon each of them, individually, by the terms of this Agreement. All partners of the entity that executes this Agreement, in the event said entity is a partnership, and all shareholders, officers and directors of the entity that executes this Agreement, in the event said entity is a corporation, shall execute the Guaranty and Assumption of Obligations attached hereto as Exhibit C and made a part hereof.

XX. <u>CAVEAT</u>

The success of the business venture contemplated to be undertaken by Developer by virtue of this Agreement is speculative and depends, to a large extent, upon the ability of Developer as an independent businessman, and his active participation in the daily affairs of the business as well as other factors. Franchisor does not make any representation or warranty express or implied as to the potential success of the business venture contemplated hereby.

XXI. <u>FORCE MAJEURE</u>

Whenever a period of time is provided in this Agreement for either party to do or perform any act or thing, except the payment of monies, neither party shall be liable or responsible for any delays due to strikes, lockouts, casualties, acts of God, war, governmental regulation or control or other causes beyond the reasonable control of the parties, and in any event said time period for the performance of an obligation hereunder shall be extended for the amount of time of the delay. This clause shall not apply or not result in an extension of the term of this Agreement.

XXII. <u>ACKNOWLEDGMENTS</u>

A. Developer represents and acknowledges that it has received, read and understood this Agreement and Franchisor's Franchise Disclosure Document; and that Franchisor has fully and adequately explained the provisions of each to Developer's satisfaction; and that Franchisor has accorded Developer ample time and opportunity to consult with advisors of its own choosing about the potential benefits and risks of entering into this Agreement.

B. Developer acknowledges that it has received a copy of this Agreement and the attachments thereto, at least five (5) business days prior to the date on which this Agreement was executed. Developer further acknowledges that Developer has received the disclosure document required by the Trade Regulation Rule of the Federal Trade Commission entitled Disclosure Requirements and Prohibitions Concerning Franchising and Business Opportunity Ventures, at least ten (10) business days prior to the date on which this Agreement was executed.

C. Developer has been advised to consult with its own advisors with respect to the legal, financial and other aspects of this Agreement, the business franchised hereby, and the prospects for that business. Developer has either consulted with such advisors or has deliberately declined to do so.

D. The covenants not to compete set forth in this Agreement are fair and reasonable, and will not impose any undue hardship on Developer, since Developer has other considerable skills, experience and education which afford Developer the opportunity to derive income from other endeavors.

E. Developer affirms that all information set forth in any and all applications, financial statements and submissions to Franchisor is true, complete and accurate in all respects, with Developer expressly acknowledging that Franchisor is relying upon the truthfulness, completeness and accuracy of such information.

F. Developer has conducted an independent investigation of the business contemplated by this Agreement and recognizes that, like any other business, an investment in a Western Sizzlin Franchise Corporation Franchised Restaurant involves business risks and that the success of the venture is primarily dependent upon the business abilities and efforts of Developer.

G. Developer hereby consents and agrees that certain disputes arising between Franchisor and Developer be submitted to arbitration as provided in Paragraph XVIII.A. of this Agreement.

H. DEVELOPER UNDERSTANDS AND ACKNOWLEDGES THAT ALL REPRESENTATIONS OF FACT CONTAINED HEREIN ARE MADE SOLELY BY FRANCHISOR. ALL DOCUMENTS, INCLUDING FRANCHISOR'S FRANCHISE AGREEMENT, AREA DEVELOPMENT AGREEMENT AND FRANCHISE DISCLOSURE DOCUMENT AND ALL EXHIBITS THERETO, HAVE BEEN PREPARED SOLELY IN RELIANCE UPON REPRESENTATIONS MADE AND INFORMATION PROVIDED BY FRANCHISOR, ITS OFFICERS AND DIRECTORS. DEVELOPER FURTHER AGREES TO INDEMNIFY AND HOLD HARMLESS THE PREPARER OF ANY AND ALL SUCH FRANCHISE AGREEMENTS, DISCLOSURE DOCUMENTS AND EXHIBITS THERETO FROM ANY AND ALL LOSS, COSTS, EXPENSES (INCLUDING ATTORNEYS' FEES), DAMAGES AND LIABILITIES RESULTING FROM ANY REPRESENTATIONS AND/OR CLAIMS MADE BY FRANCHISOR IN SUCH DOCUMENTS.

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

If Developer is an individual:

ATTEST: WESTERN SIZZLIN FRANCHISE CORPORATION:

________________ By: ______________________________

Title: ______________________________

Developer

If Developer is a corporation or partnership:

ATTEST/WITNESS: WESTERN SIZZLIN FRANCHISE CORPORATION:

________________ By: ______________________________

Title: ______________________________

Developer:

By:________________________________
Title:________________________________
By:________________________________
Title: ________________________________

EXHIBIT A TO THE AREA DEVELOPMENT AGREEMENT

DESCRIPTION OF TERRITORY

WESTERN SIZZLIN FRANCHISE CORPORATION:	DEVELOPER:
By: ________________	By: __________________________
Title: ________________	Title: __________________________
Date: ________________	Date: __________________________

EXHIBIT B TO THE AREA DEVELOPMENT AGREEMENT

DEVELOPMENT SCHEDULE

At the dates set forth below, the Developer is obligated by Paragraph III. of this Agreement to have open the number of Western Sizzlin's Wood Grill Buffet Franchised Restaurants indicated:

Number of
Western Sizzlin's Wood Grill Buffet Franchised Restaurants

Franchised Restaurant	Date of Execution of Franchise Agreement	Anticipated Date of Commencement of Operations
________	________	________________
____	________	________________
____	________	________________
____	________	________________
____	________	________________
____	________	________________
____	________	________________
____	________	________________
____	________	________________
____	________	________________

Franchises Granted in Designated Territory Prior to
Execution of Area Development Agreement

________	________
________	________
________	________
________	________
________	________
________	________
________	________

EXHIBIT C TO THE AREA DEVELOPMENT AGREEMENT

GUARANTY AND ASSUMPTION OF OBLIGATIONS

THIS GUARANTY AND ASSUMPTION OF OBLIGATIONS is given this ____ day of _______, 20___, by ____.

In consideration of, and as an inducement to, the execution of that certain Area Development Agreement of even date herewith ("Agreement") by WESTERN SIZZLIN FRANCHISE CORPORATION ("Franchisor"), each of the undersigned hereby personally and unconditionally (1) guarantees to Franchisor, and its successors and assigns, for the term of the Agreement and thereafter as provided in the Agreement, that ______________________ ("Developer") shall punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement; and (2) shall personally be bound by, and personally liable for the breach of each and every provision in the Agreement, both monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities. Each of the undersigned waives: (1) acceptance and notice of acceptance by Franchisor of the foregoing undertakings; (2) notice of demand for payment of any indebtedness or non-performance of any obligations hereby guaranteed; (3) protest and notice of default to any party with respect to the indebtedness or non-performance of any obligations hereby guaranteed; (4) any right he may have to require that an action be brought against Developer or any other person as a condition of liability; and (5) any and all other notices and legal or equitable defenses to which he may be entitled.

Each of the undersigned consents and agrees that: (1) his direct and immediate liability under this guaranty shall be joint and several; (2) he shall render any payment or performance required under the Agreement upon demand if Developer fails or refuses punctually to do so; (3) such liability shall not be contingent or conditioned upon pursuit by Franchisor of any remedies against Developer or any other person; and (4) such liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which Franchisor may from time to time grant to Developer or to any other person, including without limitation the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which shall in any way modify or amend this guaranty, which shall be continuing and irrevocable during the term of the Agreement.

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

GUARANTOR(S)	PERCENTAGE OF OWNERSHIP IN DEVELOPER
________________	________________%
________________	________________%
________________	________________%
________________	________________%
________________	________________%
________________	________________%

LIST OF FRANCHISEES

EXHIBIT D TO THE DISCLOSURE DOCUMENT

Western Sizzlin Store List as of December 31, 2018

STORE #	TYPE	CITY	ADDRESS & [PO Box]	STATE	ZIP CODE	REST PHONE	NAME
7203	WS	Boaz	568 US Highway 431	AL	35067	(256) 840-2822	Hicks, Johnathan
7202	WS	Fort Payne	1114 Glenn Blvd S W.	AL	35967	(256) 844-2286	Smith, Miles
709	WS	Opelika	920 Columbus Parkway	AL	36801	(334) 749-2950	Hill, Jimmy
1392	WS	Oxford	200 Hamric Drive	AL	36203	(256) 835-2500	Folsom, Bill
1323	WS	Rainbow City	209 West Grand Avenue	AL	35901	(256) 442-5061	Folsom, Bill
2007	WS	Scottsboro	23980 John T Reid Parkway	AL	35768	(256) 259-6888	Smith, Miles
2006	WS	Arkadelphia	106 W. P. Malone	AR	71923	(870) 246-5866	Al Morvin
1231	WS	Clinton	Highway 65 South	AR	72031	(501) 745-5222	Jones, Scott A.
7207	WS	Greenbrier	43 South Broadview	AR	72058	(501) 679-7679	Jones, Scott A.
449	WS	Fort Smith	5200 Towson Avenue	AR	72901	(479) 646-7715	Kaundart, Wyatt; Stovall, Gary
782	WS	Fort Smith	5720 Rogers Ave	AR	72903	(479) 452-9050	Kaundart, Wyatt
7207	WS	Greenbrier	43 South Broadview	AR	72058	(501) 679-7679	Jones, Scott A.

STORE #	TYPE	CITY	ADDRESS & [PO Box]	STATE	ZIP CODE	REST PHONE	NAME
901	WS	Harrison	905 Hwy 62 65 North [P. O. Box 1281]	AR	72602	(870) 741-1545	Cash, Robert Thomas Honer
7205	WS	Jonesboro	2405 East Highland	AR	72403	(870) 935-1300	Hamner, Elgin
1167	WS	Malvern	621 Martin Luther King Blvd	AR	72104	(501) 337-4933	Bailey, Michael
5043	WS	Monticello	436 Hwy 425 North [P. O. Box 1320]	AR	71657	(870) 367-8282	Grissom, Jimmy
5061	WS	Mountain Home	1127 Highway 62 East	AR	72653	(870) 425-2505	Nix, Robin
5006	WS	Nashville	Highway 27 South & Highway 27 Bypass	AR	71852	(870) 845-1994	Hicks, Rick
1418	WS	Russellville	1105 East Main Street	AR	72801	(479) 968-1757	Bazyk, Mark Laura Bazyk
1379	WS	Searcy	3210 East Race Street	AR	72143	(501) 268-2464	Bob Hamner
5005	WS	Springdale	3492 West Sunset	AR	72762	(479) 750-3663	Bazyk, Mark Laura Bazyk
1000	WS	Van Buren	3120 Alma Highway	AR	72956	(501) 474-2357	Kaundart, Wyatt; Stovall, Gary
5032	WS	Adel	1500 West 4th Street	GA	31620	(229) 896-3663	Williams, Mike
5014	WS	Dalton	501 Legion Drive [P. O. Box 662]	GA	30722	(706) 279-1799	Miller, Johnny
5038	WS	Jesup	997 South Sunset Blvd	GA	31545	(912) 588-1000	Nickell, Terry

STORE #	TYPE	CITY	ADDRESS & [PO Box]	STATE	ZIP CODE	REST PHONE	NAME
7200	WS	Pooler	230 Highway 80 East	GA	31322	(912) 748-5396	Alan Cowart
7197-2	WS-Q	Toccoa	605 Big A Road	GA	30577	(706) 282-1953	Gowan, Reg
873	WS	Hagerstown	17567 York Road	MD	21740	(301) 791-7560	Romsburg, Paul
792	WS	Meridian	1100 North Frontage Road	MS	39301	(601) 693-3972	Granger, Kenneth
1464	WS	Dunn	1810 West Cumberland	NC	28334	(910) 892-8901	Miller, Bobby
334	WS	Goldsboro	100 N. Berkeley Blvd	NC	27530	(919) 778-7444	Cheryl Casey
7009	WS-Q	Monroe	502 West Roosevelt Blvd	NC	28110	(704) 238-1983	Cline, Rita
91	WS	Rocky Mount	1041 N. Wesleyan Blvd [P O. Box 4345]	NC	27803	(252) 446-3262	Wilder, Ron
5042	WS	Spruce Pine	11961 South 226 Hwy	NC	28777	(828) 765-9151	King, Darrin
1176	WS	Wilson	101 North Bruton Street	NC	27893	(252) 291-6100	Bass, Bob
618	WS	Lima	2721 Elida Road	OH	45805	(419) 331-6644	Albrittain, Donnie
5013	WS	Altus	3200 North Main Street	OK	73521	(580) 477-1717	Ray, Forrest
932	WS	Chickasha	3001 South Fourth	OK	73018	(405) 224-9382	McNear, Mack

STORE #	TYPE	CITY	ADDRESS & [PO Box]	STATE	ZIP CODE	REST PHONE	NAME
1030	WS	Elk City	2107 South Main Street	OK	73644	(580) 243-2100	Ray, Forrest
499	WS	Enid	4722 West Owen K. Garriot	OK	73703	(480) 234-4121	Harris, Steve
886	WS	McAlester	506 S George Nigh Expy	OK	74501	(918) 426-5844	Gardner, Jim
664	WS	Moore	1317 Moore Avenue	OK	73160	(405) 799-7831	McNear, Mack
397	WS	Oklahoma City	2110 S.W. 74th Street	OK	73159	(405) 682-2425	McNear, Mack
2034	WS	Poteau	2210 North Broadway	OK	74953	(918) 647-4999	Kaundart, Wyatt; Stovall, Gary
906	WS	Clemson	898 West Tiger Blvd.	SC	29631	(864) 654-3112	El-Bayadi, Simon
1223	WS	Florence	2688 David McLeod Blvd.	SC	29501	(843) 665-5965	Sansbury, Fred
7171	WS-Q	Florence	1924 Lucas Street	SC	29501	(843) 667-6996	Sansbury, Fred
589	WS	Athens	1804 Decatur Pike	TN	37303	(423) 745-2626	Rice, Bob
1409	WS	Jasper	1130 Highway 28	TN	37347	(423) 942-5777	Burris, Jr., David Julie Burris
5067	WS	Ooltewah	6021 Relocation Way	TN	37363	(423) 521-7844	Johnny Miller
9007	WS	Wickett	505 O'Brien Street (I-20, Exit 73)	TX	77381	(432) 943-2042	John Cook
465	WS	Danville	3211 Riverside Drive	VA	24541	(434) 792-4000	Mantooth, Charles

Western Sizzlin – Signed But Not Yet Open as of December 31, 2018

TYPE	CITY	STATE	REST PHONE	NAME	PHONE
WS	Pigeon Forge	TN	TBD	Jess Davis	(865) 771-5994
WS	Baytown	TX	TBD	Petroleum Wholesalers	(281) 681-7502
WS	Midland	TX	TBD	Petroleum Wholesalers	(281) 681-7502
WS	Sealy	TX	TBD	Petroleum Wholesalers	(281) 681-7502

Woodgrill Store List as of December 31, 2018

STORE #	TYPE	CITY	ADDRESS & [PO Box]	STATE	ZIP CODE	REST PHONE	NAME
8007	WG	Hesperia	14135 Main Street,Building D	CA	92345	(760) 981-4418	Alvarez, Lee
9005	WG	Pigeon Forge	2385 Parkway	TN	37863	(865) 429-3120	Davis, Jess
8001	WG	Charlottesville	576 Branch Lands Boulevard	VA	22901	(434) 975-5613	Proffitt, William E.
8005	WG	Harrisonburg	1711 Resevoir Street	VA	22801	(540) 432-9303	Proffitt, William E

LIST OF FORMER FRANCHISEES

EXHIBIT E TO THE DISCLOSURE DOCUMENT

LIST OF FORMER FRANCHISEES AS OF 12/31/2018

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

Ray Hakin
Norwalk, California
(310) 533-7599

Linda Stevens
Burnsville, North Carolina
(828) 208-9866

Dr. Kris Sankar
Covington, Virginia
(540) 962-4991

PERSONAL GUARANTY

EXHIBIT F TO THE DISCLOSURE DOCUMENT

WESTERN SIZZLIN FRANCHISE CORPORATION

PERSONAL GUARANTY

THIS GUARANTY made this _____ day of _______________, 20___ by and between ___________________________________, Individually ("Guarantor") and Western Sizzlin Franchise Corporation ("WSF").

WHEREAS, Guarantor is a partner/shareholder/member of that certain Franchisee and/or Area Developer under that certain Franchise Agreement and/or Area Development Agreement by and between _____________________________________, as Franchisee/Area Developer (hereinafter collectively referred to as Franchisee) and WSF, as Franchisor, dated ___________, 20____ ; and

WHEREAS, Franchisee has entered into the following agreements with WSF:

Area Development Agreement dated:

Franchise Agreement dated:

(Referred to herein as the "Agreement");

WHEREAS, the Agreement will directly benefit Guarantor as a partner/shareholder/ member of said Franchisee;

NOW THEREFORE, in consideration of the terms and conditions contained in the Agreement between Franchisee and WSF, which is incorporated herein by reference as though set forth fully herein, and in order to induce WSF to execute said Agreement, Guarantor agrees as follows:

1. Guarantor, jointly and severally, is bound to an absolute and special guarantee of the full and prompt payment of all of Franchisee's obligations and liabilities to WSF, howsoever created, whether direct or indirect, absolute or contingent, jointly or severally, now or hereafter arising or existing, or due or to become due, and howsoever owned, held or acquired. Guarantor also unconditionally guarantees to WSF, the complete and timely performance of Franchisee of all terms of the Franchise Agreement and insofar as Guarantor is an officer, shareholder or director of Franchisee and thus, will be privy to the confidential information and trade secrets of WSF, Guarantor agrees to comply with the covenants including all in term and post-termination covenants contained in Paragraph XV (15) of the Franchise Agreement. This covenant shall survive any resignation or other withdrawal of Guarantor from affiliation as an officer, shareholder or director of Franchisee. Guarantor agrees to pay all reasonable costs and expenses incurred by WSF in enforcing the provisions of this Guaranty, the Agreement, or in prosecuting any action to collect any collateral securing Franchisee's obligations to WSF thereunder, including reasonable attorney's fees.

2. Guarantor agrees that Guarantor's obligations under this Guaranty shall be absolute and unconditional, irrespective of (I) the validity, enforceability, loss or destruction of any instrument or document evidencing all or any part of the liabilities or obligations of Franchisee to WSF, (ii) the absence of any attempt to collect the liabilities or obligations of Franchisee to WSF from any other Guarantor, or other action to enforce performance of the liabilities or obligations of Franchisee to WSF.

3. Waiver of Demand . Guarantor waives diligence, presentment, demand of payment, filing of claims with a court in the event of receivership or bankruptcy of any of the other Guarantors, protest or notice with respect to any liabilities or obligations of Franchisee to WSF and all demands whatsoever, and covenants that this Guaranty will not be discharged except by complete performance of the obligations contained herein. Upon the obligations under the Agreement with WSF, and so long as the default continues, WSF may, in its sole discretion, proceed directly and at once, against any or all of the Guarantors to collect and recover the full amount of any liabilities or obligations of Franchisee to WSF, without first proceeding against any of the other Guarantors. WSF shall have the exclusive right to determine the application of payments and credits, if any, from the Guarantor on account of such liabilities.

4. Continuing Guaranty . This is a continuing Guaranty. The liability of the Guarantor(s) hereunder, shall not be impaired by actions of WSF from time to time, without notice or demand. By way of explanation and not limitation, WSF is authorized to take the following described actions without impairment to this Guaranty: (I) extend credit or advance loans to Franchisee or Guarantor(s), (ii) renew, extend, accelerate or otherwise change the terms of the Franchise Agreement or any other financing agreements between Franchisee and/or Guarantor and WSF, (iii) accept partial payment on the liabilities and obligations of Franchisee to WSF, (iv) take and hold security or collateral for the payment of this Guaranty or any other guaranties of such liabilities, and exchange, enforce, waive and release any such security or collateral, (v) apply such security or collateral and direct the order or manner of sale thereof as WSF in its discretion may determine, and (vi) settle, release, compromise, collect or otherwise liquidate such liabilities and any security or collateral therefore, including, without limitation, the Collateral in any manner. WSF may, without notice, assign this Guaranty in whole or in part.

5. Marshalling of Assets: Invalidated Payment . Guarantor agrees that WSF shall be under no obligation to marshall any assets in favor of the Guarantor or against or in payment of any or all of the liabilities or obligations of Franchisee to WSF. Guarantor further agrees that to the extent that Guarantor makes a payment or payments to WSF, which payment or payments, or any part thereof, are subsequently invalidated, declared to be preferential, set aside and/or required to be repaid to a trustee, receiver or any other party under any bankruptcy law, state or federal law, common law or equitable cause, then to the extent of such payment or repayment, the obligation or part thereof intended to be satisfied shall be revived and continued in full force and effect, as if such payment had not been made.

6. Waiver: Modification . No waiver shall be deemed to be made by WSF of any of its rights hereunder, unless the same shall be in writing signed by WSF, and each waiver, if any, shall be a waiver only with respect to the specific instance involved and shall in no way impair the rights of WSF or the obligations of the Guarantor to WSF in any other respect at any other time. This Guaranty may not be altered or amended, except by an agreement in writing signed by the Guarantor and WSF.

7. Successors and Assigns . This Guaranty shall inure to the benefit of WSF, its administrators, successors and assigns.

8. Severability . Wherever possible, each provision of this Guaranty shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Guaranty shall be prohibited by or invalid under such law, such provision shall be ineffective to the extent of such prohibition or invalidity without invalidating the remainder of such provision or the remaining provisions of this Guaranty.

IN WITNESS WHEREOF, this Guaranty has been duly executed by Guarantor and WSF as of the date first written above.

GUARANTOR :

____

____

____

____

WESTERN SIZZLIN FRANCHISE CORPORATION :

____

____

____

____

LOCATION :

____

____

STATEMENT OF PROSPECTIVE FRANCHISEE

EXHIBIT G TO THE DISCLOSURE DOCUMENT

WESTERN SIZZLIN FRANCHISE CORPORATION

STATEMENT OF PROSPECTIVE FRANCHISEE

NOTE: DATES AND ANSWERS MUST BE COMPLETED IN THE PROSPECTIVE FRANCHISEE'S OR AREA DEVELOPER'S <u>OWN</u> HANDWRITING.

For the purposes of this Exhibit the terms "Franchisee" and "Area Developer," as well as, "Franchise Agreement" and "Area Development Agreement" may be used interchangeably, depending on the type of agreement you are executing.

A. The following dates are true and correct:

1. ______________, 20__	The date on which I received a Franchise Disclosure Document about the franchise opportunities for Western Sizzlin and Woodgrill Restaurants.
2. ______________, 20__	The date on which I received a fully completed copy (other than signatures) of the Franchise Agreement/Area Development Agreement.
3. ______________, 20__	The earliest date on which I signed the Franchise Agreement/Area Development Agreement or any other binding document (not including the Acknowledgment of Receipt).
4. ______________, 20__	The earliest date on which I delivered cash, check or other consideration to the Franchise Marketing Representative, Broker, Franchisor or any other person or company.

INITIAL _____

1. No promises, agreements, contracts, commitments, representations, understandings, "side deals," options, rights-of-first-refusal or otherwise have been made to or with me with respect to any matter [including but not limited to any representations or promises regarding advertising (television or otherwise), marketing, site location, operational assistance or otherwise], nor have I relied in any way on any such, except as explicitly set forth in the Franchise Agreement/Area Development Agreement or a written Addendum thereto signed by me and an Officer of the Franchisor, except as follows:

(**If none, the prospective Franchisee shall write NONE in his/her own handwriting)

2. No oral, written or visual claim or representation, promise, agreement, contract, commitment, understanding or otherwise which contradicted, expanded upon or was inconsistent with the Disclosure Document or the Franchise Agreement/Area Development Agreement was made to me by any person or entity, except as follows:

(**If none, the prospective Franchisee shall write NONE in his/her own handwriting)

3. No oral, written, visual or other claim or representation (including, but not limited to charts, tables, spreadsheets or mathematical calculations), which stated or suggested any specific level or range of actual or potential sales, costs, income, expenses, profits, cash flow, tax effects or otherwise (or from which such items might be ascertained) was made to me by any person or entity, except as follows:

(**If none, the prospective Franchisee shall write NONE in his/her own handwriting)

4. No contingency, condition, prerequisite, prior requirement, provision, reservation, impediment, stipulation, provision or otherwise exists with respect to any matter (including but not limited to obtaining financing, selection, purchase, lease or otherwise of a site, operational matters or otherwise) and/or with respect to my fully performing all of my obligations under the Franchise Agreement/Area Development Agreement and/or any other documents to be executed by me, nor have I relied in any way on any such, except as explicitly set forth in the Franchise Agreement/Area Development Agreement or a written Addendum thereto signed by Me and an Officer of the Franchisor and approved by the Franchisor, except as follows:

(**If none, the prospective Franchisee shall write NONE in his/her own handwriting)

5. The Franchisee understands that the Franchise Agreement/Area Development Agreement requires the Franchisee and/or its designated operator to participate in Company required training programs, and Franchisee acknowledges the critical importance of completing training programs, as the Company in its discretion deems necessary.

(Acknowledge by writing YES in this space above)

Western Sizzlin Franchise Corporation (the "Franchisor") does not make or endorse, nor does it allow any Franchisee, marketing representative, broker or other individual to make or endorse any oral, written, visual or other claim or representation (including, but not limited to charts, tables, spreadsheets or mathematical calculations), which state or suggest any specific level or range of actual or potential sales, income, profits, cash flow, tax effects or otherwise or from which such items might be ascertained with respect to this or any other Franchise, whether made on behalf of or for the Franchisor, any Franchisee or other individual and expressly disclaims any such information, data or results.

In addition, the Franchisor does not permit any promises, agreements, contracts, commitments, representations, understandings, "side deals," options, rights-of-first-refusal or otherwise; or variations of, changes in or supplements to the Franchise Agreement; or the existence of any contingencies or conditions to the Franchisee's obligations, except by means of a written Addendum signed by the Franchisee and an Officer of the Franchisor and approved by the Franchisor.

If any such representations, "side deals", contingencies or otherwise have been made to you by any person or otherwise exist, immediately inform the attorney for the Franchisor (Phone: 312-368-4000) and the Chairman and Chief Operating Officer of the Franchisor.

The Prospective Franchisee understands and agrees to all of the foregoing and certifies that all of the above statements are true, correct and complete.

****

The following language applies to franchises to be located in Maryland or to be granted to Maryland residents

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

****

Accepted on this _____ day of _______________ , 20___ .

FRANCHISOR:
WESTERN SIZZLIN FRANCHISE CORPORATION

By: ________________________________

Its: ________________________________

FRANCHISEE:

By: ______________________________________
Its: ______________________________________

LIST OF STATE AGENTS FOR SERVICE OF PROCESS AND STATE ADMINISTRATORS

EXHIBIT H TO THE DISCLOSURE DOCUMENT

STATE AGENCIES/AGENTS
FOR SERVICE OF PROCESS

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.

If a state is not listed, we have not appointed an agent for service of process in that state in connection with the requirements of the franchise laws. There may be states in addition to those listed below in which we have appointed an agent for service of process.

There also may be additional agents appointed in some of the states listed.

CALIFORNIA

Commissioner of the Department
of Business Oversight:
Toll Free: 1 (866) 275-2677

Los Angeles

Suite 750
320 West 4th Street
Los Angeles, California 90013-2344
(213) 576-7500

Sacramento

1515 K Street, Suite 200
Sacramento, California 95814-4052
(916) 445-7205

San Diego

1350 Front Street, Rm. 2034
San Diego, California 92101-3697
(619) 525-4233

San Francisco

One Sansome Street, Suite 600
San Francisco, California 94105-2980
(415) 972-8559

HAWAII

(for service of process)

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

(for other matters)

Commissioner of Securities
Department of Commerce
and Consumer Affairs
Business Registration Division
335 Merchant Street, Room 205
Honolulu, Hawaii 96813
(808) 586-2722

ILLINOIS

Illinois Attorney General
500 South Second Street
Springfield, Illinois 62706
(217) 782-4465

INDIANA

(for service of process)

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

(state agency)

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

MARYLAND

(for service of process)

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

(state agency)

Office of the Attorney General-
Securities Division
200 St. Paul Place
Baltimore, Maryland 21202-2021
(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

Commissioner of Commerce
Department of Commerce
85 7th Place East, Suite 280
St. Paul, Minnesota 55101
(651) 539-1600

NEW YORK

(for service of process)

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

(Administrator)

NYS Department of Law
Investor Protection Bureau
28 Liberty Street, 21st Floor
New York, New York 10005
(212) 416-8236 (Phone)

NORTH DAKOTA

(for service of process)

Securities Commissioner
North Dakota Securities Department
600 East Boulevard Avenue, Suite 414
Bismarck, North Dakota 58505
(701) 328-4712

(state agency)

North Dakota Securities Department
600 East Boulevard Avenue, Suite 414
Bismarck, North Dakota 58505
(701) 328-2910

OREGON

Oregon Division of Financial Regulation
350 Winter Street NE, Suite 410
Salem, Oregon 97301
(503) 378-4140

RHODE ISLAND

Securities Division
Department of Business Regulations
1511 Pontiac Avenue
John O. Pastore Complex-Building 69-1
Cranston, Rhode Island 02920
(401) 462-9500

SOUTH DAKOTA

Division of Insurance
Securities Regulation
124 S. Euclid, Suite 104
Pierre, South Dakota 57501
(605) 773-3563

VIRGINIA

(for service of process)

Clerk, State Corporation Commission
1300 East Main Street
First Floor
Richmond, Virginia 23219
(804) 371-9733

(for other matters)

State Corporation Commission
Division of Securities and Retail Franchising
Tyler Building, 9th Floor
1300 East Main Street
Richmond, Virginia 23219
(804) 371-9051

WASHINGTON

(for service of process)

Director Department of Financial Institutions
Securities Division
150 Israel Road SW
Tumwater, Washington 98501
(360) 902-8760

(for other matters)

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

WISCONSIN

(for service of process)

Administrator, Division of Securities
Department of Financial Institutions
4822 Madison Yards Way, North Tower
Madison, Wisconsin 53705
(608) 266-2139

(state administrator)

Division of Securities
Department of Financial Institutions
4822 Madison Yards Way, North Tower
Madison, Wisconsin 53705
(608) 266-9555

TABLE OF CONTENTS OF MANUAL FOR WS RESTAURANTS/ TABLE OF CONTENTS OF MANUAL FOR WG RESTAURANTS

EXHIBIT I TO THE DISCLOSURE DOCUMENT

OPERATIONS MANUAL FOR WS RESTAURANTS
MANUAL INDEX

TABLE OF CONTENTS FOR OPERATIONS MANUAL FOR WG RESTAURANTS

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GUARANTEE OF PERFORMANCE

EXHIBIT J TO THE DISCLOSURE DOCUMENT

GUARANTEE OF PERFORMANCE

For value received Biglari Holdings Inc., an Indiana corporation located at 17802 IH 10 West, Suite 400, San Antonio, TX 78257 (the "Guarantor"), absolutely and unconditionally guarantees to assume the duties and obligations of Western Sizzlin Franchise Corporation, located at 89 Summers Way, Suite 103, Roanoke, Virginia 24019 (the "Franchisor"), under its franchise registration in each state where the franchise is registered, and under its Franchise Agreement identified in its 2019 Franchise Disclosure Document, as it may be amended, and as that Franchise Agreement may be entered into with franchisees and amended, modified or extended from time to time. This guarantee continues until all such obligations of the Franchisor under its franchise registrations and the Franchise Agreement are satisfied or until the liability of Franchisor to its franchisees under the Franchise Agreement has been completely discharged, whichever first occurs. The Guarantor is not discharged from liability if a claim by a franchisee against the Franchisor remains outstanding. Notice of acceptance is waived. The Guarantor does not waive receipt of notice of default on the part of the Franchisor. This guarantee is binding on the Guarantor and its successors and assigns.

The Guarantor signs this guarantee at San Antonio, Texas, on the 14th day of June, 2019

Guarantor:

BIGLARI HOLDINGS INC.

By: B. Lewis
Name: Bruce Lewis
Title: Controller

MULTI-STATE ADDENDA AND AGREEMENT RIDERS

EXHIBIT K TO THE DISCLOSURE DOCUMENT

ADDITIONAL DISCLOSURES FOR THE MULTI-STATE FRANCHISE DISCLOSURE DOCUMENT OF WESTERN SIZZLIN FRANCHISE CORPORATION

The following are additional disclosures for the Franchise Disclosure Document of WESTERN SIZZLIN FRANCHISE CORPORATION required by various state franchise laws. Each provision of these additional disclosures will not apply unless, with respect to that provision, the jurisdictional requirements of the applicable state franchise registration and disclosure law are met independently without reference to these additional disclosures.

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 BUSINESS OVERSIGHT BEFORE WE ASK YOU TO CONSIDER A MATERIAL MODIFICATION OF YOUR FRANCHISE AGREEMENT.

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT. ANY COMPLAINTS CONCERNING THE CONTENT OF THE WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT AT www.dbo.ca.gov.

1. The following additional Risk Factors are added to the State Cover Page of the Franchise Disclosure Document:

YOU WILL BE REQUIRED TO SIGN A PERSONAL GUARANTY MAKING YOU LIABLE FOR THE FRANCHISE'S OBLIGATIONS.

THE FRANCHISE AGREEMENT AND AREA DEVELOPMENT AGREEMENT CONTAIN WAIVERS YOUR RIGHT TO FILE CLASS ACTIONS.

2. The following is added at the end of Item 3:

Neither we nor any persons identified in Item 2 is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such person from membership in that association or exchange.

3. The following paragraphs are added at the end of Item 17:

California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination, transfer, or nonrenewal of a franchise. If the Franchise Agreement or the Area Development Agreement contain a provision that is inconsistent with the law, the law will control.

The Franchise Agreement and the Area Development Agreement contain a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

The Franchise Agreement and the Area Development Agreement provide for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sections 101 et seq.).

The Franchise Agreement and the Area Development Agreement require application of the laws of the State of Virginia. This provision may not be enforceable under California law.

The Franchise Agreement and the Area Development Agreement require binding arbitration in Roanoke City, Virginia, Roanoke City, in accordance with the rules of the American Arbitration Association and judgment upon the award may be entered in any court having jurisdiction thereof. Prospective franchisees and area developers are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of the Franchise Agreement and Area Development Agreement restricting venue to a forum outside the State of California.

The Franchise Agreement and the Area Development Agreement require you to sign a general release of claims upon renewal or transfer of the Franchise Agreement or the Area Development 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 may void a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 – 20043).

MARYLAND

1. The following language is added to the end of the "Summary" section of Item 17(h), entitled **"Cause" defined – defaults which cannot be cured**, of the Franchise Agreement and Area Development Agreement tables:

The Franchise Agreement and Area Development Agreement provide for termination upon bankruptcy. These provisions might not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.), but Franchisor will enforce it to the extent enforceable.

2. The following language is added to the end of the "Summary" section of Item 17(m), entitled **Conditions for Franchisor approval of transfer** of the Franchise Agreement table and the Area Development Agreement table:

However, any release required as a condition of assignment/transfer will not apply to claims arising under the Maryland Franchise Registration and Disclosure Law.

3. The "Summary" sections of Item 17(v), entitled **Choice of forum**, and 17(w), entitled **Choice of law**, of the Franchise Agreement and Area Development Agreement tables are amended to add the following:

, except that you may bring suit in Maryland for any claims arising under the Maryland Franchise Registration and Disclosure Law.

4. The following language is added at the end of the chart in Item 17:

Despite any contradicting provision in the Franchise Agreement or Area Development Agreement, you have 3 years from the date on which Franchisor grants you the franchise to bring a claim under the Maryland Franchise Registration and Disclosure Law.

VIRGINIA

The "Summary" sections of Item 17(h) of the franchise agreement are development agreement charts are amended by adding the following:

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 ground for default or termination stated in the franchise agreement or area development 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.

THE FOLLOWING PAGES IN THIS EXHIBIT ARE STATE-SPECIFIC RIDERS TO THE WESTERN SIZZLIN FRANCHISE CORPORATION FRANCHISE AGREEMENTS AND AREA DEVELOPMENT AGREEMENTS

RIDER TO THE WESTERN SIZZLIN FRANCHISE CORPORATION FRANCHISE AGREEMENT FOR USE IN MARYLAND

THIS RIDER (the "**Rider**") made this ____ day of _________________, 20___, by and between WESTERN SIZZLIN FRANCHISE CORPORATION, a Delaware corporation, having its principal place of business at 89 Summers Way, Suite 103, Roanoke, Virginia 24019 ("Franchisor"), and ____ ___________________________________ - ("Franchisee").

1. **BACKGROUND**. Franchisor and Franchisee are parties to that certain Franchise Agreement dated _____________________, 20___ (the "Franchise Agreement") that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) Franchisee is domiciled in Maryland; and/or (b) the Franchised Restaurant that Franchisee will operate under the Franchise Agreement will be located in Maryland.

2. **INSOLVENCY**. The following language is added to the end of Paragraph XVI.B.2. of the Franchise Agreement:

   Franchisor and Franchisee acknowledge that certain aspects of this Paragraph might not be enforceable under federal bankruptcy law (11 U.S.C. Sections 101 et seq.)

3. **RELEASES**. The following language is added to the end of Paragraph XVII.C. of the Franchise Agreement:

   Any release required as a condition of assignment/transfer will not apply to claims arising under the Maryland Franchise Registration and Disclosure Law.

4. **NON-WAIVER**. The following language is added to the end of Paragraphs XXIII. and XXXIV of the Franchise Agreement:

   To the extent so required by applicable law, these acknowledgments are not intended to act, nor shall they act, as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

5. **APPLICABLE LAW**. The following is added to the end of Paragraph XXIX.A. of the Franchise Agreement:

   However, to the extent required by applicable law, Maryland law will apply to claims arising under the Maryland Franchise Registration and Disclosure Law.

6. **JURISDICTION**. The following is added to the end of Paragraph XXIX.B. of the Franchise Agreement:

Notwithstanding the foregoing, Franchisee may bring an action in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound hereby, have duly executed, sealed and delivered this Rider in multiple copies the day and year first above written.

ATTEST:	WESTERN SIZZLIN FRANCHISE CORPORATION:
______________________________	By: ______________________________ Title: ______________________________
ATTEST/WITNESS:	FRANCHISEE:
______________________________	By: ______________________________ Title: ______________________________
______________________________	By: ______________________________ Title: ______________________________

**RIDER TO THE WESTERN SIZZLIN FRANCHISE CORPORATION
AREA DEVELOPMENT AGREEMENT
FOR USE IN MARYLAND**

THIS RIDER (the "**Rider**") made this ____ day of ________________, 20___, by and between WESTERN SIZZLIN FRANCHISE CORPORATION, a Delaware corporation, having its principal place of business at 89 Summers Way, Suite 103, Roanoke, Virginia 24019 ("Franchisor"), and ____ ____________________________________ - ("Franchisee").

1. **BACKGROUND**. Franchisor and Developer are parties to that certain Area Development Agreement dated ______________________, 20___ (the "Area Development Agreement") that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Area Development Agreement. This Rider is being signed because (a) Developer is domiciled in Maryland; and/or (b) the Designated Territory granted under the Area Development Agreement will be located in Maryland.

2. **INSOLVENCY**. The following language is added to the end of Paragraph VII.B. of the Area Development Agreement:

> Franchisor and Developer acknowledge that certain aspects of this Paragraph might not be enforceable under federal bankruptcy law (11 U.S.C. Sections 101 et seq.)

3. **RELEASES**. The following language is added to the end of Paragraph VIII.C. of the Area Development Agreement:

> Any release required as a condition of assignment/transfer will not apply to claims arising under the Maryland Franchise Registration and Disclosure Law.

4. **NON-WAIVER**. The following language is added to the end of Paragraphs XIII. and XXII of the Area Development Agreement:

> To the extent so required by applicable law, these acknowledgments are not intended to act, nor shall they act, as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

5. **APPLICABLE LAW**. The following is added to the end of Paragraph XVII.A. of the Area Development Agreement:

> However, to the extent required by applicable law, Maryland law will apply to claims arising under the Maryland Franchise Registration and Disclosure Law.

6. **JURISDICTION**. The following is added to the end of Paragraph XVII.B. of the Area Development Agreement:

Notwithstanding the foregoing, Developer may bring an action in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

[The remainder of this page is intentionally left blank.]

IN WITNESS WHEREOF, the parties hereto, have duly executed, sealed and delivered this Rider in multiple copies the day and year first above written.

If Developer is an individual:

ATTEST:	WESTERN SIZZLIN FRANCHISE CORPORATION:
______________________	By: ______________________
	Title: ______________________
	Developer
	By: ______________________
	Title: ______________________

If Developer is a corporation or partnership:

ATTEST/WITNESS:	WESTERN SIZZLIN FRANCHISE CORPORATION:
______________________	By: ______________________
	Title: ______________________
	Developer:
______________________	By:______________________
	Title:______________________
______________________	By:______________________
	Title: ______________________

FORM OF GENERAL RELEASE

EXHIBIT L TO THE DISCLOSURE DOCUMENT

WESTERN SIZZLIN FRANCHISE CORPORATION

GRANT OF FRANCHISOR CONSENT AND FRANCHISEE RELEASE

WESTERN SIZZLIN FRANCHISE CORPORATION ("we," "us," or "our") and the undersigned ______________________________ ______ ("you" or "your"), currently are parties to a certain Franchise Agreement (the "Franchise Agreement") dated ____________________________. You have asked us to take the following action or to agree to the following request: [insert as appropriate for a 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. This release shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

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, principals, employees, agents, representatives, affiliated entities, successors, and assigns (collectively, the "WSF 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 WSF Parties (1) arising out of or related to the WSF 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 WSF Parties. You, on your own behalf and on behalf of the other Releasing Parties, further covenant not to sue any of the WSF 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.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Agreement on the date stated on the first page hereof.

WESTERN SIZZLIN FRANCHISE CORPORATION

Print Name:______________________________

Title:__________________________________

By:____________________________________ Date:________________________

FRANCHISEE:

Print Name:______________________________

Title:__________________________________

By:____________________________________ Date:________________________

____

Print Name:______________________________

Title:__________________________________

By:____________________________________ Date:________________________

Print Name:______________________________

Title:__________________________________

By:____________________________________ Date:________________________

Item 23
RECEIPT

This Disclosure Document summarizes certain provisions of the Franchise Agreement, Area Development Agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If Western Sizzlin Franchise Corp. 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.

If Western Sizzlin Franchise Corp. does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state agency identified on Exhibit H.

The franchisor is Western Sizzlin Franchise Corp., located at 89 Summers Way, Suite 103, Roanoke, Virginia 24019. Its telephone number is (540) 345-3195.

Issuance date: June 17, 2019

The name, principal business address, and telephone number of each franchise seller offering the franchise are as follows: Thomas Murray, 17802 IH 10 W, Suite 400, San Antonio, TX 78257 210-344-3400, and ______________________________.

We authorize the respective state agencies identified on Exhibit H to receive service of process for us in the particular state.

I received a Disclosure Document dated June 17, 2019, from Western Sizzlin Franchise Corp. that included the following Exhibits:

- A. Financial Statements
- B. WS Franchise Agreement
- B-1. WG Franchise Agreement
- C. WS Area Development Agreement
- C-1. WG Area Development Agreement
- D. List of Franchisees
- E. List of Former Franchisees
- F. Personal Guaranty
- G. Statement of Prospective Franchisee
- H. List of State Agents for Service of Process And State Administrators
- I. Table of Contents of the Manuals
- J. Guarantee of Performance
- K. Multi-State Addenda and Agreement Riders
- L. Form of General Release

______________________	______________________
Date	Prospective Franchisee/Area Developer [Print Name]
	______________________
(Date, Sign, and Return to Us)	Prospective Franchisee/Area Developer [Signature]

RECEIPT

This Disclosure Document summarizes certain provisions of the Franchise Agreement, Area Development Agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

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G. Statement of Prospective Franchisee
H. List of State Agents for Service of Process And State Administrators
I. Table of Contents of the Manuals
J. Guarantee of Performance
K. Multi-State Addenda and Agreement Riders
L. Form of General Release

______________________ Date	______________________ Prospective Franchisee/Area Developer [Print Name]
(Date, Sign, and Keep for Your Records)	______________________ Prospective Franchisee/Area Developer [Signature]