

FRANCHISE DISCLOSURE DOCUMENT



Roy Rogers Franchise Company, LLC
A Maryland limited liability company
4991 New Design Road, Suite 109
Frederick, Maryland 21703
(301) 695-5051
www.royrogersrestaurants.com
franchise@royrogersrestaurants.com
<https://www.facebook.com/roy.restaurants?ref=ts>
<https://twitter.com/RoysRestaurants>
<http://www.youtube.com/royrogersrestaurants>

The franchisee will operate a quick service restaurant business which specializes in the sale of roast beef sandwiches, on-the-bone fried chicken, a variety of other hamburgers and sandwiches, side orders, desserts, breakfast items, soft drinks and beverage items, and special limited-time offer menus for on-premises, “drive-thru” and carry-out consumption (a “**Roy Rogers Restaurant**”).

The total investment necessary to begin operation of a Roy Rogers Restaurant ranges from \$1,255,250 to \$1,410,450 for a newly constructed Roy Rogers Restaurant, and \$753,250 to \$957,250 for the conversion of an existing restaurant to a Roy Rogers Restaurant. This includes \$30,000 that must be paid to the franchisor or affiliate.

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

You may wish to receive your Disclosure Document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Tarin Turbin at 4991 New Design Road, Suite 109, Frederick, Maryland 21703, and (301) 695-5051.

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

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

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

Issuance Date: March 28, 2014

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 C** for information about the franchisor, or about franchising in your state.

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

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

- *1. THE FRANCHISE AGREEMENT REQUIRES THE FRANCHISEE TO LITIGATE ONLY IN THE STATE IN WHICH THE FRANCHISOR MAINTAINS ITS PRINCIPAL PLACE OF BUSINESS. THE FRANCHISOR IS CURRENTLY LOCATED IN MARYLAND. OUT OF STATE LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST MORE TO LITIGATE WITH THE FRANCHISOR IN ITS STATE THAN IN YOUR HOME STATE.
- *2. THE FRANCHISE AGREEMENT STATES THAT THE LAW OF MARYLAND GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.
- *3. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

* Local law may supersede these franchise agreement provisions. Certain states require the superseding provisions to appear in an addendum in this disclosure document (see Exhibits J and K).

Effective Date: See the next page for state effective dates.

STATE EFFECTIVE DATES

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

This Franchise Disclosure Document is registered in the following states with the following effective dates:

STATES	EFFECTIVE DATE
Maryland	April 3, 2014
New York	July 14, 2014
Virginia	April 15, 2014

**ROY ROGERS
FRANCHISE DISCLOSURE DOCUMENT**

TABLE OF CONTENTS

<u>ITEM</u>	<u>PAGE</u>
ITEM 1 THE FRANCHISOR AND ANY PARENTS, PREDECESSORS, AND AFFILIATES	1
ITEM 2 BUSINESS EXPERIENCE.....	4
ITEM 3 LITIGATION	5
ITEM 4 BANKRUPTCY	5
ITEM 5 INITIAL FEES	5
ITEM 6 OTHER FEES	6
ITEM 7 ESTIMATED INITIAL INVESTMENT	9
ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES.....	14
ITEM 9 FRANCHISEE’S OBLIGATIONS	17
ITEM 10 FINANCING.....	19
ITEM 11 FRANCHISOR’S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING	19
ITEM 12 TERRITORY	30
ITEM 13 TRADEMARKS	31
ITEM 14 PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION	33
ITEM 15 OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS.....	34
ITEM 16 RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL.....	35
ITEM 17 RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION	35
ITEM 18 PUBLIC FIGURES	38
ITEM 19 FINANCIAL PERFORMANCE REPRESENTATIONS	39
ITEM 20 OUTLETS AND FRANCHISEE INFORMATION	44
ITEM 21 FINANCIAL STATEMENTS	47
ITEM 22 CONTRACTS	48
ITEM 23 RECEIPTS	48

Exhibits

A Franchise Agreement	H Financial Statements
B Site Selection Agreement	I Confidentiality and Non-Disclosure Agreement
C List of State Administrators	J State-specific Disclosures
D Agents for Service of Process	K State-specific Agreement Amendments
E List of Current Roy Rogers Franchisees	L General Release
F List of Former Roy Rogers Franchisees	M Franchisee Compliance Certification
G List of Company-Owned Roy Rogers Restaurants Operated by PEI	N Receipts (2 copies)

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

The Franchisor

Roy Rogers Franchise Company, LLC (“us,” “our” or “we”) is the franchisor.

We are a Maryland limited liability company, and we were formed on June 6, 2002. We maintain our principal place of business at 4991 New Design Road, Suite 109, Frederick, Maryland 21703. We do not maintain sales offices at any location other than our principal place of business. We do not use any sales brokers or other sales organizations. We do not conduct business under any other name.

We conduct business under the name and mark “Roy Rogers.”

We franchise the right to operate a Roy Rogers Restaurant (the “**Restaurant**”). We began offering Roy Rogers franchises in September, 2003. We do not offer any franchises other than as described in this Disclosure Document, and we do not engage in any business activity other than such franchising activities and the operation of restaurants using the “Roy Rogers” name and mark.

Our Parents, Predecessors and Affiliates

The Roy Rogers Restaurant concept was started in 1968. The system was originally owned, operated and franchised by a subsidiary or division of a predecessor company of Marriott International, Inc. (“**Marriott**”). Prior to April 1990, Marriott and/or its affiliates transferred to MRO Mid-Atlantic Corp. (“**MRO**”), then an affiliate of Marriott, all of the assets related to the Roy Rogers Restaurant system (the “**System**”), including the trademarks, the franchise system, and franchise rights to the System. In April 1990, Hardee’s Food Systems, Inc. (“**Hardee’s**”) acquired MRO from a predecessor of Marriott. Hardee’s then acquired from MRO the assets of the System, became the franchisor of the System, and continued as such until mid-1997. In 1997, when many of the assets of Hardee’s were acquired by a third party, the assets of the System, including the trademarks, the franchise system, franchise rights, and then-existing Franchise Agreements were assigned to MRO. On July 12, 2002, we acquired from MRO all of MRO’s rights in, and assets relating to, the System, including, among other things, trademarks, the proprietary trade secrets and recipes, other assets of the System, and the then-existing Franchise Agreements regarding the operation of Roy Rogers Restaurants. We are individually owned and as such have no parent entity.

MRO is our only predecessor. MRO is a Delaware corporation, with its principal place of business at 1 Blue Hill Plaza, P.O. Box 1588, Pearl River, New York, 10965-8588. MRO does not, nor did it in the past, operate Roy Rogers Restaurants. MRO acted as “franchisor” of the Roy Rogers Restaurant system from 1997 until our acquisition of assets in July 2002. MRO does not, nor did it in the past, offer franchises in this or any other line of business.

As of December 31, 2013, there were 50 Roy Rogers Restaurants operating under the System (defined below). The existing franchisees (“**Existing Franchisees**”) previously entered into license agreements or Franchise Agreements (the “**Old Franchise Agreements**”) with Hardee’s, or with a Marriott affiliate or predecessor, prior to Hardee’s acquisition of MRO. As discussed above, those Old Franchise Agreements were later assigned by Hardee’s to MRO. The Old Franchise Agreements were assigned by MRO to us on July 12, 2002. Some of the franchisees who signed Old Franchise Agreements have since converted to more modern franchise agreements, which provide favorable terms to those who made the conversion. Those conversion terms are not available to any prospective franchisees. We refer to the existing franchisees in this Disclosure Document as “**Existing Franchisees.**”

Our affiliate, Plamondon Enterprises, Inc. (“**PEI**”), is a Maryland corporation, and was incorporated on December 21, 1979. PEI maintains its principal place of business at 4991 New Design Road, Suite 109, Frederick, Maryland 21703. PEI currently owns and operates 21 Roy Rogers Restaurants which, as they are not subject to the terms of any franchise agreement, are considered to be “company-owned” Restaurants. PEI has never offered franchises in any line of business.

We also have another affiliate, J&P Plamondon Associates, LLC, (“**J&P Associates**”), a Maryland limited liability company whose principal place of business is at 4991 New Design Road, Suite 109, Frederick, Maryland, 21703. J&P Associates is a real estate and property construction company which has in the past acquired or leased property and/or constructed restaurants for PEI. In limited and special circumstances, J&P may acquire property and/or construct restaurants for use as a Roy Rogers Restaurant, and may sell and/or lease the property or restaurant to a franchisee. J&P Associates has never offered franchises in any line of business.

Our affiliate Roy Rogers Trademark Company, LLC (“**RRTC**”), is a Maryland limited liability company, with its principal place of business at 4991 New Design Road, Suite 109, Frederick, Maryland 21703. On August 21, 2003 we entered into an Intellectual Property Assignment Agreement with RRTC granting them all the right, title, and interest in the trademarks, service marks, domain names, format and system, and other intellectual property (the “**Intellectual Property**”) associated with the System and franchise business. By License Agreement dated August 21, 2003, we acquired from RRTC the right to use and to sublicense to franchisees the Intellectual Property. RRTC has never offered franchises in any line of business.

The Franchise Offered

Roy Rogers Restaurants

Roy Rogers Restaurants are quick service restaurant businesses which specialize in the sale of roast beef sandwiches, on-the-bone fried chicken, a variety of other hamburgers and sandwiches, side orders, desserts, breakfast items, soft drinks and beverage items, and special limited-time offer menus for on-premises, “drive-thru” and carry-out consumption, and includes the use of a “Fixin’s Bar” to dispense condiments for sandwiches and other food items. Roy Rogers Restaurants are characterized by our format and System and are operated in buildings or other locations that bear our trade dress (interior, exterior, or both).

The distinguishing characteristics of the System include a specially-designed building or facility for restaurant operations, with specially developed equipment, equipment layouts, and signage; distinctive interior and exterior design, trade dress and accessories; specialized products, and procedures for operations; quality and uniformity of products and services offered; procedures for management and inventory control; training and assistance; and advertising and promotional programs; all of which we may change, improve, and further develop from time to time.

We identify the System by means of certain trade names, service marks, trademarks, logos, emblems, and indicia of origin, including the mark “Roy Rogers”, and such other trade names, service marks, and trademarks we now designate (and may in the future designate, in writing) for use under the System (the “**Proprietary Marks**”).

Franchisees must operate your Restaurant according to our standards and procedures, as set out in our Confidential Operating Manual (the “**Manual**”). We will provide each franchisee with access to the Manual for the duration of the Franchise Agreement. In addition, we will grant each franchisee the right to use the Proprietary Marks that we designate in writing for use with the System.

Restaurants will be operated from an indoor structure that will typically be a freestanding building of about 3,350 square feet located in a high traffic (foot and/or vehicle traffic) area. Under certain circumstances, we may also grant locations for Roy Rogers Restaurants in strip center sites or captive audience sites (such as malls or airports). We expect that there will be some variations from Restaurant to Restaurant, but we will have the final approval of all sites, as well interior and exterior appearances.

Franchise Agreement

We intend to offer Franchise Agreements (“**Franchise Agreements**”) to qualified entities and persons (“**you**”) that wish to establish and operate Restaurants. (In this Disclosure Document, “**you**” means the person or legal entity with whom we enter into an agreement. This person or entity will be the “franchisee.” The term “**you**” also refers to the direct and indirect owners of a corporation, partnership, limited liability company, or limited liability partnership that signs a Franchise Agreement as the “franchisee.”) The form of Franchise Agreement that we intend to offer to you is attached to this Disclosure Document as **Exhibit A**.

Under the Franchise Agreement, we will grant you the right (and you will accept the obligation) to operate a Roy Rogers Restaurant at an agreed-upon specified location (the “**Approved Location**”). If, at the time you are considering entering into a Franchise Agreement, you have not obtained and we have not approved a location for the Restaurant, you must sign a site selection agreement (“**Site Selection Agreement**”) which will govern the selection of the site for the Restaurant. The Site Selection Agreement is attached to this Disclosure Document as **Exhibit B**, and the site selection procedures are described in **Item 11** below.

Industry-Specific Regulations

You must comply with all local, state, and federal laws that apply to your Restaurant operations, including, for example, health, sanitation, no-smoking, EEOC, OSHA, discrimination, employment, and sexual harassment laws. The Americans with Disability Act of 1990 requires readily accessible accommodation for disabled persons and therefore may affect your building construction, site elements, entrance ramps, doors, seating, bathrooms, drinking facilities, etc. You must obtain real estate permits (*e.g.*, zoning), real estate licenses, and operational licenses. There also may be regulations that pertain to sanitation, labeling, food preparation, food handling, grease and other waste disposal, environmental compliance, and food service. We are not aware of any regulations or laws directed solely or specifically to restaurants, quick-service restaurants, or fast casual restaurants, of the type that are described in this Disclosure Document. You should consult with your attorney concerning all federal, state, and local laws and ordinances that may affect your Restaurant’s operation.

Competition

You can expect to compete in your market with locally-owned businesses, as well as with national and regional chains, that offer a quick service restaurant experience, including those that specialize in the sale of hamburgers, sandwiches, chicken, french fries, and/or ice cream, as well as products that may not be offered at a Roy Rogers Restaurant, such as pizza, or Tex-Mex food. The market for these businesses is well-established and highly competitive. Quick-service restaurant concepts compete on the basis of many factors, such as price, service, location, product quality, promotions and marketing programs. These businesses are often affected by other factors as well, such as changes in consumer taste, economic conditions, seasonal population fluctuation, and travel patterns.

ITEM 2
BUSINESS EXPERIENCE

Co-President: **James N. Plamondon**

James Plamondon has been our Co-President since our inception in June 2002. He is also currently, and has been since April 1998, Co-President of Plamondon Enterprises, Inc. in Frederick, Maryland. Prior to that, from February 1996 to April 1998, he was Director of Administration and General Counsel for Plamondon Enterprises, Inc. in Frederick, Maryland.

Co-President: **Peter H. Plamondon, Jr.**

Peter Plamondon has been our Co-President since our inception in June 2002. He is also currently, and has been since April 1998, Co-President of Plamondon Enterprises, Inc. in Frederick, Maryland. Prior to that, from February 1993 to April 1998, he was Director of Real Estate and Construction for Plamondon Enterprises, Inc. in Frederick, Maryland.

Director of Operations: **Greg Seymoure**

Greg Seymoure has been our Director of Operations since November 2009. Mr. Seymoure worked at the McDonald's Corporation in Ft. Lauderdale, Florida, from 1984 to 1992, eventually becoming Director of Operations. Mr. Seymoure joined Boston Chicken/Market in 1992 in Parsippany, New Jersey, as Vice President of Operations and remained there until 1998. Mr. Seymoure also held positions with Wild Oats Market and Friendly's Ice Cream Corporation. From January 2002 to August 2005, Mr. Seymoure was COO of the Fenwick Group/Panera Bread in Princeton, New Jersey. From August 2005 to November 2009, Mr. Seymoure was owner of MCS, a consulting firm, in Port Murray, New Jersey.

Chief Financial Officer: **Edward Prensky**

Edward Prensky, CPA, has been the Chief Financial Officer since September 2007. Prior to that, Mr. Prensky was the Senior Manager of Boyle & Company from November 2006 to September 2007, also located in Frederick, Maryland. Mr. Prensky was the Financial Controller for Abbott Laboratories Poland from April 2005 to September 2006 in Warsaw, Poland. From March 2001 to March 2005, Mr. Prensky was the Chief Financial Officer and Chief Operating Officer for Innova Capital, LLC, also located in Warsaw, Poland.

Director of Human Resources **Katrina Wyand-Yurish**

Katrina Wyand-Yurish has been our Director of Human Resources since December 2009. Mrs. Wyand-Yurish began her professional career with Farmers & Mechanics Bank in Frederick, Maryland, as Senior Learning and Development Trainer in April 1994. She worked at Farmers & Mechanics Bank until March 2007. From March 2003 through March 2007, Mrs. Wyand-Yurish was Vice President of Training for Farmers & Mechanics Bank. From March 2007 to November 2009, she was the Senior Organizational VP Development Consultant for PNC Financial Services Group, Inc. in Frederick, Maryland. Ms. Wyand-Yurish obtained her Senior Professional in Human Resources (SPHR) Certification in May, 2012.

Real Estate & Franchise Development Manager: **Jon Fields**

Jon Fields has been the Real Estate and Franchise Development Manager since August 2006. Prior to that Mr. Fields was the Real Estate Salesperson for TLR & Associates in Granville, Ohio from May 2003 to April 2006. Mr. Fields was the Audit Team Member for Dixon, Davis, Bagent & Company in Granville, Ohio from December 2002 to May 2003.

Franchise Business Consultant:

Al Jones

Al Jones has been a Franchise Business Consultant since January 2003. Prior to that, he was a District Manager for Plamondon Enterprises, Inc., from May 1990 to January 2003, also located in Frederick, Maryland.

Franchise Business Consultant/Project Manager:

Don Dean

Don Dean has been a Franchise Business Consultant and Project Manager since November 2004. Prior to that, Mr. Dean was a District Manager for Plamondon Enterprise, Inc. from June 1989 to November 2004, also located in Frederick, Maryland.

Director of Marketing

Carrie Isabell

Carrie Isabell has been the Marketing Director since September 2013. From June 2012 to September 2013, Ms. Isabell was a self-employed consultant. From June 2010 to June 2012, Ms. Isabell was Management Supervisor for the McDonald's Boston Region account at Arnold Worldwide in Boston, Massachusetts. Prior to that, Ms. Isabell held the role of Account Manager on the Arby's regional co-op business at Doner Advertising from 2004 to 2006 in Cleveland, Ohio. From 2006 to 2008, Ms. Isabell was Account Supervisor on the Subway Restaurants regional business at SBC Advertising in Columbus, Ohio. From 2008 to 2010, Ms. Isabell was Account Supervisor at Engauge in Columbus, Ohio.

Director of Construction & Facilities

Gary Fennell

In January, 2005, Gary Fennell became our Director of Construction and Facilities. Mr. Fennell served as the Director of Construction and Facilities for PEI since 2005, where he is responsible for oversight of all aspects of construction and renovation of Roy Rogers Restaurants.

ITEM 3
LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4
BANKRUPTCY

No bankruptcy information is required to be disclosed in this Item.

ITEM 5
INITIAL FEES

Initial Franchise Fee

When you sign the Franchise Agreement, you must pay to us an initial franchise fee of \$30,000 (the "**Initial Franchise Fee**"). As described below, if you have entered into a Site Selection Agreement, \$10,000 of the Initial Franchise Fee will have been paid at the time you entered into the Site Selection Agreement, and the remaining \$20,000 of the Initial Franchise Fee must be paid upon executing the Franchise Agreement.

Except as described below, with respect to the Site Selection Fee, payment of the Initial Franchise Fee and/or Site Selection Fee will be non-refundable once you have signed a Franchise Agreement. In

consideration of administrative and other expenses incurred by us in granting the franchise and for our lost or deferred opportunity to franchise others. The Initial Franchise Fee is uniform.

Site Selection Agreement

If you enter into a Site Selection Agreement, you must pay us a site selection fee of \$10,000 (the “**Site Selection Fee**”) upon signing the Site Selection Agreement. If you are successful in finding a site for the Restaurant, and you sign a Franchise Agreement with us, then the Site Selection Fee actually paid by you will be credited to your requirement to pay an Initial Franchise Fee under the Franchise Agreement as described below. If the Site Selection Agreement is terminated because you are unable to locate a site for the Restaurant, the Site Selection Fee will be refunded to you, less the amount of \$8,000, which we will retain in consideration for our costs and expenses in providing site selection and other similar services to you.

ITEM 6
OTHER FEES

Type of Fee (Note 1)	Amount	Due Date	Remarks
Royalty	5% of Gross Sales	Each Month, on or before the tenth business day, calculated on the Gross Sales for the prior Month	See Note 2 for the definition of “Gross Sales” and “Month.”
Marketing Contribution	Up to 3% of Gross Sales (Note 3)	Same as Royalty	See the description of “Gross Sales” above.
Transfer Fee	If a transfer would result in a change in control of franchisee, 50% of then-current initial franchise fee.	At time of transfer	Payable only if you make a transfer (as defined in the Franchise Agreement), which includes the sale of your franchise or your company.
Interest on Overdue Amounts	1.5% per month on the underpayment (Note 4)	Upon demand	Only due if you don’t pay us the amounts you owe on time. Interest will be charged only on overdue amounts and will start to accrue on the date when the payment was originally due.
Costs and Attorneys’ Fees	Will vary under circumstances	Upon demand	Only if you are in default under the Franchise Agreement, in which case you must reimburse us for the expenses we incur (including reasonable attorneys’ fees) as a result of your default and to enforce and terminate the agreement.

Type of Fee (Note 1)	Amount	Due Date	Remarks
Insufficient Funds/ Canceled Check	\$100	Upon demand, if incurred	If you make a payment to us by check and such check is returned to you from a financial institution without having made payment to us, or if you have insufficient funds in your account to satisfy the electronic funds transfer for payments due to us, then we have the right to charge you the fee for each such returned check, or notice of insufficient funds.
Renewal fee	\$5,000	Upon renewal of the Franchise Agreement	Upon renewal of the Franchise Agreement, and for each renewal term, you must pay us a renewal fee equal to \$5,000, in lieu of an initial fee under the new Franchise Agreement.
Supplier Testing	Will vary	Upon demand, if incurred	If you propose a new supplier of products, and we inspect the supplier or test the supplier's products, we may charge you or the supplier for our costs in conducting those inspections or running those tests.
Audit Costs	All costs and expenses associated with the audit, reasonable accounting and legal costs.	Upon demand	Payable only if we audit because you did not submit sales statements or keep books and records, or if you underreport your sales or underpay your royalties by 2% or more. (You will also have to pay interest on the underpayment (see "interest" above and Note 4).)
Management Fee	Will vary under circumstances	As incurred	Upon your (or the Operating Partner's) death or disability, we will have the right to enter the premises of the Restaurant and operate it until such time as we deem necessary, for which you must pay us a reasonable management fee which will be set forth in the Manuals, to compensate us for our costs and expenses in connection with operating the Restaurant.
Indemnity	Will vary under circumstances	As incurred	You must indemnify us, and reimburse us for our costs (including our attorneys' fees) if we are sued or held liable in any case having anything to do with your business operations.

Type of Fee (Note 1)	Amount	Due Date	Remarks
Additional training (Note 5)	Our per-diem charges, plus our out-of-pocket costs	Upon demand	If you ask that we send trainers to your restaurant for additional training, and we do so, then you will have to pay our trainers' expenses and our then-current per diem charge for extra training. Our current per diem charge is \$200 per trainer per day (we reserve the right to change our per diem rate in the future).

Notes:

1. All fees are non-refundable.
2. The term “**Gross Sales**” means all revenue from the sale of all products, including all food and beverage products, all merchandise, and other products or services offered at or from the Restaurant, and all other income of every kind and nature related to, derived from, or originating from the Restaurant, including revenue from ATMs, and proceeds of any business interruption insurance policies, whether at retail or wholesale (whether such sales are permitted or not), whether for cash, check, or credit, and regardless of collection in the case of check or credit; provided, however, that “Gross Sales” excludes any customer refunds, coupon sales, sales taxes, and/or other taxes collected from customers by you and actually transmitted to the appropriate taxing authorities.

If we require, you must pay your royalties and advertising fund contributions by electronic fund transfer (“**EFT**”). Your payment, or our “sweep” of your account by EFT, will occur on the tenth business day of each Month. For this purpose, the term “Month” means a calendar month or such other period of time as we may designate; provided, however, that we will not designate more than 13 periods during each calendar year as a “Month.”

3. This 3% contribution is to the system-wide Marketing Fund. See **Item 11** for further discussion of the Marketing Fund. We require different kinds of advertising and promotional efforts depending upon where you will operate your Restaurant (for example, in a city, a suburban area, or in a resort community).

At present, there are no cooperative marketing or advertising funds (“**Cooperatives**”) in our System. If a Cooperative is formed for the region in which the Restaurant is located, then, as described in **Item 11**, the amount of your contribution to the Cooperative will be determined by the Cooperative, by a vote of its members, with one vote for each Roy Rogers Restaurant operating under the System (whether franchised, company-owned or affiliate-owned) within the geographic region of the Cooperative. Further details about the applicable advertising and promotional requirements can be found in **Item 11**, under the subheading “Advertising.”

4. Interest starts to accrue when your payment was initially due. Interest rates will not exceed any maximum rate that may be imposed under applicable law.
5. This fee will be charged if you request that we provide, and we are able to provide, on-site training in addition to the initial and on-going assistance we are required to provide under the Franchise Agreement.

In addition, our affiliate, PEI, will operate our company-owned Roy Rogers Restaurants under, and in conformance with the System. However, since PEI operates our company-owned Restaurants, PEI is not required to pay any franchise fees, although it does make standard contributions to the Marketing Fund. All of the above fees are otherwise uniformly imposed on all franchisees operating under the franchise program offered in this Disclosure Document.

ITEM 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

New Construction Restaurant

Type of expenditure	Amount/ (Low-High Range)	Method of payment	When due	To whom payment is to be made
Initial Franchise Fee (1)	\$30,000	Lump sum	Upon signing Franchise Agreement	Us
Real Estate Leasing (2)	\$7,500 to \$12,500	As incurred	As agreed	Landlord or land owner
Leasehold Improvements (3)	\$677,000 to \$736,000	As incurred	Progress payments during construction (usually with the final 10% upon completion)	General Contractors
Furniture, Fixtures, Fixed Assets, and Smallwares	\$77,000 to \$88,700	Lump sum	Payment terms with suppliers	Suppliers
Equipment (4)	\$238,000 to \$247,000	As incurred	Payment terms with suppliers	Suppliers
Initial Inventory (5)	\$12,000 to \$18,000	Lump sum	Payment terms with suppliers	Suppliers
Grand Opening Marketing (6)	\$10,000	As incurred	As incurred	Suppliers
Insurance (7)	\$10,750 to \$15,750	As incurred	As incurred	Insurance Providers
Signage (8)	\$46,000 to \$53,500	As incurred	As incurred	Suppliers
Training (9)	\$41,000 to \$55,000	As incurred	Payment terms with suppliers and employees	Suppliers and employees
Office Equipment and Supplies (10)	\$5,000 to \$7,500	As incurred	Payment terms with suppliers	Suppliers

Type of expenditure	Amount/ (Low-High Range)	Method of payment	When due	To whom payment is to be made
Business License and Permits (11)	\$8,000 to \$12,000	As incurred	As incurred	Government Agencies
Professional Fees (12)	\$40,000 - \$50,000	As incurred	As incurred	Business professionals
Security/Utility Deposits (13)	\$3,000 to \$4,500	As arranged	As negotiated	Lender, Approved Suppliers
Additional Funds (three months) (14)	\$50,000 to \$70,000	As incurred	As incurred	Us, suppliers, employees and other creditors
Total Estimated Initial Investment for a new construction (15)	\$1,255,250 to \$1,410,450			

Conversion Restaurant

Type of expenditure	Amount (Low-High Range)	Method of payment	When due	To whom payment is to be made
Initial Franchise Fee (1)	\$30,000	Lump sum	Upon signing Franchise Agreement	Us
Real Estate Leasing (2)	\$7,500 to \$12,500	As incurred	As agreed	Landlord or land owner
Leasehold Improvements (3)	\$280,000 to \$340,000	As incurred	Progress payments during construction (usually with the final 10% upon completion)	General Contractors
Furniture, Fixtures, Fixed Assets, and Smallwares	\$50,000 to \$67,000	Lump sum	Payment terms with suppliers	Us and suppliers
Equipment (4)	\$167,000 to \$205,000	As incurred	Payment terms with suppliers	Us and suppliers
Initial Inventory (5)	\$12,000 to \$18,000	Lump sum	Payment terms with suppliers	Us and suppliers
Grand Opening Marketing (6)	\$10,000	As incurred	As incurred	Suppliers

Type of expenditure	Amount (Low-High Range)	Method of payment	When due	To whom payment is to be made
Insurance (7)	\$10,750 to \$15,750	As incurred	As incurred	Insurance Providers
Signage (8)	\$42,000 to \$65,000	As incurred	As incurred	Suppliers
Training (9)	\$41,000 to \$55,000	As incurred	Payment terms with suppliers and employees	Suppliers and employees
Office Equipment and Supplies (10)	\$5,000 to \$7,500	As incurred	Payment terms with suppliers	Suppliers
Business License and Permits (11)	\$5,000 to \$7,000	As incurred	As incurred	Government Agencies
Professional Fees (12)	\$40,000 to \$50,000	As incurred	As incurred	Business professionals
Security/Utility Deposits (13)	\$3,000 to \$4,500	As arranged	As negotiated	Lender, Approved Suppliers
Additional Funds (three months) (14)	\$50,000 to \$70,000	As incurred	As incurred	Us, suppliers, employees and other creditors
Total Estimated Initial Investment for a conversion unit (15)	\$753,250 to \$957,250			

Notes:

1. Initial Franchise Fee. This amount is discussed in detail in **Item 5**. The Initial Franchise Fee must be paid when the Franchise Agreement is signed and is non-refundable. As also described in **Item 5**, if a Site Selection Agreement is signed prior to the Franchise Agreement, then you must pay a \$10,000 Site Selection Fee. The Initial Franchise Fee indicated in the table above includes the Site Selection Fee; therefore, the amount of the Site Selection Fee actually paid to us will be credited against your requirement to pay the Initial Franchise Fee upon signing the Franchise Agreement.

2. Lease/Rent. If you do not own a location for your Restaurant, you must purchase or lease a space. You will probably need to lease a space at least four months prior to opening; however, you may attempt to negotiate an abatement from the landlord. Restaurant locations and sizes vary. We expect that Restaurants will typically be a freestanding building of about 3,354 square feet located in a high traffic (foot and/or vehicle traffic) area. Development of a Restaurant typically will require about one acre of land and 40 to 60 parking spaces.

Rent varies considerably from market to market, and from location to location within each market. The estimate provided assumes that you will pay a security deposit equal to one month's rent. Rents may vary beyond the range that we have provided, based on factors such as market conditions in the relevant area, the type and nature of improvements needed to the premises, the size of the Restaurant,

the terms of the lease, and the desirability of the location. If you decide to purchase the property for the location of your Restaurant, you will incur additional costs that we cannot estimate.

If you are converting an existing restaurant that you own or lease, you will have lease (and other) expenses which you will know in advance. These may vary from the estimated range in the chart above.

3. Leasehold Improvements. You will need to construct improvements, or “build out,” the premises at which you will operate the Restaurant. Such improvements may include installing a new or repairing an existing: roof, HVAC system, plumbing work, electrical system, and/or fixtures. In addition, leasehold improvements will include trade dress and other décor items, and may include landscaping, outdoor lighting, and improvements in the customer parking area. Note that the figures in the tables differ depending upon whether you are constructing a new building for your Restaurant, or if you are converting an existing restaurant to a Roy Rogers Restaurant. We are not aware of any circumstances under which any related fees or costs are refundable. Costs are likely to vary, and may be much higher, if you already have or wish to establish your Restaurant in an area where special requirements of any kind (e.g., historical, architectural, or preservation requirements) will apply.

Estimates for renovation work include renovation of the dining room, kitchen, and exterior of the building. Actual costs may vary due to the age and condition of the building. If, for example, substantial work must be done to HVAC, plumbing, electrical, roofing, or other systems, and/or you must comply with local zoning and historical preservation rules, you may experience renovation costs higher than shown in the chart. These factors are highly site-specific, and therefore we are not able to provide estimates for site-specific renovations. You should obtain appropriate professional advice from engineers and architects in order to more accurately assess renovation costs.

4. Equipment. The estimate is for the equipment you will need to operate the Restaurant, such as ovens, grills, prep tables, slicers, “fixin’s bar”, beverage bar (including beverage and ice dispenser machines), refrigeration, freezers, tables and chairs, and point-of-sale (POS) system. Although you may already possess some of these items if you are converting an existing building to a Roy Rogers Restaurant, you nevertheless may be required to purchase some or all of these items in order to conform to our standards and specifications. You will need to obtain these items of equipment from sources of your own choosing, so long as the items you purchase meet our specifications and are from approved or designated vendors (to the extent we have identified approved or designated vendors).

5. Initial Inventory. Items of inventory which you are required to obtain from us (although we currently do not offer any such items) or from our designated sources of supply are paid for at standard prices and terms. These items may include food, paper products and uniforms. All items of inventory which you obtain from sources of your own choosing are paid for directly to the supplier of those inventory items at prices agreed upon by you and the supplier. Start-up inventory of products and supplies will vary based on expected volume of business and size of storage areas in the building. This estimate is for the initial inventory only.

6. Grand Opening Marketing. We will assist you in tailoring a grand opening marketing program appropriate to your market. The estimate is for the initial promotion and advertising efforts you will need to make. These efforts must be completed within 60 days from the commencement of operations at the Restaurant. Additional details regarding the grand opening marketing program can be found in **Item 11**, under the subheading “Marketing.”

7. Insurance. The estimate is for the annual premium for the policies required under the Franchise Agreement. Insurance costs will vary depending upon factors such as the size and location of the Restaurant. You must obtain general liability insurance and product liability insurance with minimum

limits of \$1 million per occurrence, and an umbrella liability policy with minimum limits of \$5 million per occurrence, which you will have to obtain through third parties, such as your own insurance agent. Your obligations with respect to insurance are more fully described in **Item 8**.

8. Signage. The cost of signs, which include interior and exterior menu boards, will vary from location to location depending on lease requirements, ordinances and restrictions, traffic patterns, competition, and related factors. In addition, other considerations – such as zoning ordinances, as well as historical and architectural design standards – may affect your costs (both in terms of materials as well as professional fees that you will incur to get approval of your proposed signs). We will provide assistance to you in designing your signs; the final design must be submitted to us for our review and approval. You will pay your sign fabricator directly.

9. Training Expenses. For the initial training period, the “low” estimate assumes that you are located within commuting distance of our training facilities and that you do not incur *per diem* expenses. The “high” estimate assumes additional expenses, including travel, meals, auto and lodging. The cost you incur will vary depending upon factors such as the distance traveled, mode of transportation, travel preferences (such as air travel or ground transportation), nature of accommodations, *per diem* expenses actually incurred, and the number of persons who will attend training. See **Item 11** for further details.

10. Office Equipment and Supplies. These include things such as office supplies, first aid kits, fire extinguishers, and similar items.

11. Business License and Permits. You must obtain and maintain such food sanitation permits for yourself and your Highly Trained Personnel (defined in **Item 11**) as we may designate for the operation of the Restaurant. These fees are paid to governmental authorities before starting business, and can vary significantly from jurisdiction to jurisdiction.

12. Professional Fees. You will likely need to retain the services of architects, lawyers, and accountants, and other professionals for assistance in acquiring or leasing the site, and building, or building out, the Restaurant. We expect that you might incur additional fees for such services in the context of a conversion of an existing outlet, as you may need more specialized or site-specific architectural services to conform the existing outlet to our standards and specifications, and to conform to any new governmental standards, or codes. The costs in the charts include architect and civil engineering fees for new construction Restaurants, and architect fees only for conversion Restaurants (but as noted above, such fees may be higher due to remodeling situations).

13. Security/Utility Deposits. The figure is the estimated cost of telephone and utility deposits.

14. Additional Funds. You will need additional capital to support on-going expenses, such as payroll and utilities, to the extent that these costs are not covered by sales revenue. New businesses often generate a negative cash flow. We estimate that the amount given will be sufficient to cover on-going expenses for the start-up phase of the business, which we calculate to be three months. We are not aware of any circumstances under which any related fees or costs are refundable. This is only an estimate, however, and there is no assurance that additional working capital will not be necessary during this start-up phase or after. To the extent you already operate a restaurant business, some of these funds may not be applicable to you. Our estimate is based on what we have learned from the experiences of existing Roy Rogers Restaurants.

15. Total. We relied on the experience of the existing Roy Rogers Restaurants when preparing these figures, including PEI's building of two new Restaurants (one in 2011 and one that was completed in 2012), PEI's conversion of one Restaurant (in 2013), and J&P Associates' conversion of one Restaurant for a franchisee (in 2012). You should review these estimates on your own, preferably with a business advisor of your own choosing. These costs may or may not be refundable depending upon the terms with your supplier.

Please note that we do not offer direct or indirect financing to you for any items. The availability and terms of financing from other sources will likely depend on factors such as the availability of financing generally, your creditworthiness, and the policies of lending institutions. Your credit history could impact the amount (and cost) of funds needed during the start-up phase. If you have no credit history or a weak credit history suppliers may give you less favorable lending and payment terms, which might increase the amount of funds you will need during this period. You will need to have staff on-hand before opening to prepare the Restaurant for opening, for training, orientation, and related purposes.

The figures in the chart and the explanatory notes are only estimates. Your actual costs may vary considerably, depending, for example, on factors such as: local economic conditions; the local market for the Restaurant; the prevailing wage rate; competition; the sales level achieved during the initial period of operation; and your management and training experience, skill, and business acumen.

You should review these figures carefully with a business advisor before making any decision to purchase the franchise. You should take into account the cash outlays and probable losses that you may incur while you are trying to get established. Extensive start-up costs may be involved, depending upon your circumstances.

ITEM 8 **RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES**

General

To insure that the highest degree of quality and service is maintained, you must operate the Restaurant in strict conformity with the methods, standards, and specifications as we may from time to time prescribe in the Manuals or otherwise in writing.

At all times during the term of the Franchise Agreement, you must:

- offer for sale only those products for which we have given our written approval;
- sell or offer for sale all of the products that we require;
- use the ingredients and employ only the preparation standards and techniques that we specify;
- not deviate from our standards and specifications, including our requirements concerning preparation, unless you have received our prior written consent;
- stop selling and offering for sale any products or services that we have later disapproved; and
- keep the Restaurant open and in normal operation for such hours and days as we may from time to time specify in the Manuals or as we may otherwise approve in writing.

If you deviate (or propose to deviate) from our standards and specifications, whether or not we have approved, the deviation will become our exclusive property.

You must buy all products, ingredients, supplies, materials, and other products used or offered for sale at the Restaurant only from suppliers (including manufacturers, distributors, and other sources) that meet our specifications as set forth in the Manual and/or we have approved in writing. When considering whether to approve any particular possible supplier, we will consider (among others) the following factors: whether the supplier can show, to our reasonable satisfaction, the ability to meet our then-current standards and specifications; whether the supplier has adequate quality controls and capacity to supply the System's needs promptly and reliably; and whether the supplier's approval would enable the System, in our sole opinion, to take advantage of marketplace efficiencies. You may not buy from any supplier that we have not yet approved in writing, and you must stop buying from any supplier who we approve, but later disapprove. As explained below, we have the right to designate only one supplier for certain items (such as distribution of products, soft drinks, etc.) in order to take advantage of marketplace efficiencies.

If you want to buy any products or any other items from an unapproved supplier, you first must submit to us a written request asking for our approval to do so. You may not purchase from any proposed new supplier until we have reviewed and, if we think it is appropriate, approved in writing the proposed new supplier. Among other things, we will have the right to require that our representatives be permitted to inspect the proposed new supplier's facilities, and that samples from that supplier be delivered either to us or to an independent laboratory that we designate for testing. Either you or the proposed new supplier must pay us a charge (which will not exceed the reasonable cost of the inspection and the actual cost of the tests). Although there is no limit on the time we may take in evaluating a proposed new supplier, we typically will provide our approval or disapproval of a proposed supplier within 60 days of our receipt of all requested materials. We also may require that the proposed new supplier comply with certain other requirements that we may deem appropriate, including, for example, payment of reasonable continuing inspection fees and administrative costs, or other payment to us by the supplier on account of their dealings with you or other franchisees, for use, without restriction (unless otherwise instructed by the supplier) and for services that we may render to our suppliers. We reserve the right, at our option, to periodically re-inspect the facilities and products of any approved supplier and to revoke our approval if the supplier does not continue to meet any of our then-current criteria. We will notify you in a timely manner if we revoke our approval of any supplier.

You must allow us or our agents, at any reasonable time, to remove samples of products offered in your Restaurant, without payment, in amounts reasonably necessary for testing by us or an independent laboratory to determine whether those samples meet our then-current standards and specifications. We may require you to bear the cost of that testing if we did not previously approve in writing the supplier of the item or if the sample that we take from your Restaurant fails to conform to our specifications.

The Franchise Agreement also provides that you may not use any item bearing our trademarks without our prior written approval.

We estimate that your purchases from approved suppliers or in accordance with our specifications will represent approximately 95% of your total costs in establishing the Restaurant, and approximately 43.7% in the continuing operation of the Restaurant.

We may establish strategic alliances or preferred vendor programs with one or more nationally or regionally-known suppliers that are willing to supply some products or services to some or all of the Restaurants in our system. If we do establish those types of alliances or programs, we may limit the number of approved suppliers with whom you may deal, we may designate sources that you must use for some or all products and services, and we may refuse to approve proposals from franchisees to add new

suppliers if we believe that action would be in the best interests of the System or the franchised network of Restaurants.

We and our affiliates may collect and retain certain manufacturing allowances, marketing allowances, rebates, credits, monies, payments and benefits (collectively, “**Allowances**”) offered to us or to our affiliates by manufacturers, suppliers and distributors based upon your purchases of products and other goods and services. In 2013, we and our affiliates received Allowances based on volume of purchases made by our affiliates and our franchisees. The Allowances are calculated as a fixed amount based on quantities of a specific product purchased. During 2013 we received a total of \$68,779 in Allowances, based on purchases from our franchisees. This amount, which we contributed to the Roy Rogers Marketing Fund, represents approximately 5.0% of our total revenue of \$1,365,616 for the fiscal year 2013. In addition, our affiliate, PEI, received Allowances in 2013 in the amount of \$221,496 based on purchases at its company-owned units. PEI received these Allowances based on its purchases using the same calculations as are applicable to franchisees with regard to their purchases.

We do not negotiate purchase arrangements with suppliers specifically for franchisees, but many purchase arrangements are available to franchisees. We anticipate that as we continue to operate the System, we may in the future negotiate such arrangements with suppliers. We do not currently provide any material benefits to you based on your use of designated or approved suppliers.

Presently, neither we nor any of our affiliates are a direct supplier of any inventory, goods, supplies, fixtures, or equipment used in the operation of your Restaurant. There are no officers of us or our affiliates that own any ownership or financial interest in any currently approved supplier. There are no franchisee purchasing or distribution cooperatives.

Insurance

Under the Franchise Agreement, you must obtain and maintain the following insurance:

- commercial general liability insurance, written on an occurrence basis, extended to include contractual liability, products and completed operations, and personal and advertising injury, with a combined bodily injury and property damage limit of not less than \$1,000,000 per occurrence and \$2,000,000 in the aggregate;
- workers’ compensation insurance and employers’ liability insurance as required by the law of the state in which the Restaurant is located, including statutory workers’ compensation limits and employers’ liability limits of not less than \$1,000,000;
- business automobile insurance with a combined single bodily injury and property damage limit of \$1,000,000 per occurrence;
- commercial umbrella liability insurance with total liability limit of not less than \$5,000,000;
- property insurance providing coverage for direct physical loss or damage to real and personal property for all-risk perils, including the perils of flood and earthquake;
- if not covered under any other policies described above, products liability insurance in an amount not less than \$1,000,000 which policy will be considered primary; and
- all other insurance required by law, by the lease or sublease for the Restaurant, or by us as stated in the Manual.

Each insurance policy required under the Franchise Agreement must be issued by an issuer we approve, and must be licensed to do business in the state in which the Restaurant is located. Our criteria for insurance coverage are made available to you in the Manuals or otherwise in writing. All liability and property damage policies must name us as additional insureds and must provide that each policy cannot be cancelled unless we are given sixty days' prior written notice. We may periodically increase required coverage limits or require additional or different coverage to reflect inflation, identification of new risks, changes in the law or standards of liability, higher damage awards and other relevant changes in circumstances. You must deliver to us (and in the future maintain on file with us) valid and current certificates of insurance showing that all required insurance is in full force and effect.

ITEM 9
FRANCHISEE'S OBLIGATIONS

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

Obligation	Section in Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	§ 1 in Franchise Agreement; §§ 1, 3, 4, 5, 6 and 7 in Site Selection Agreement	8 and 11
b. Pre-opening purchases/leases	§ 5 in Franchise Agreement	5, 7, and 8
c. Site development and other pre-opening requirements	§§ 3.2, 3.3, 5.2, 5.3, 5.4, 5.5, and 10.8 in Franchise Agreement; §§ 3, 4, 5, 6 and 7 in Site Selection Agreement	8 and 11
d. Initial and ongoing training	§§ 3.1, 5.5 and 12.4.8 in Franchise Agreement	11
e. Opening	§§ 5.3 and 5.4 in Franchise Agreement	11
f. Fees	§§ 2.2.9, 4, 10.1, 10.3, and 12.4.9 in Franchise Agreement <u>3</u> /	5 and 6
g. Compliance with standards and policies/Operating Manual	§§ 1.4, 3.4, 5, 7, and 9 in Franchise Agreement	8, 11, and 14
h. Trademarks and proprietary information	§§ 1.1 and 6 in Franchise Agreement	13 and 14
i. Restrictions on products/services offered	§§ 1.4, 5.1 and 5.11 in Franchise Agreement	5, 8, and 16
j. Warranty and customer service requirements	§ 5.7 in Franchise Agreement	16
k. Territorial development and sales quotas	§§ 1.2 and 1.3 in Franchise Agreement	12

Obligation	Section in Agreement	Disclosure Document Item
l. Ongoing product/service purchases	§ 5 in Franchise Agreement	8
m. Maintenance, appearance and remodeling requirements	§§ 2.2.3, 5, and 12.4.5 in Franchise Agreement	8
n. Insurance	§ 11 in Franchise Agreement	7 and 8
o. Advertising	§§ 5 and 10 in Franchise Agreement	6, 8, and 11
p. Indemnification	§ 17.4 and Ex. B in Franchise Agreement	11
q. Owner's participation/management/staffing	§§ 5 and 15 in Franchise Agreement	15
r. Records and reports	§§ 4.3, 5 and 9 in Franchise Agreement	6
s. Inspections and audits	§§ 5 and 9 in Franchise Agreement	6 and 11
t. Transfer	§ 12 in Franchise Agreement	17
u. Renewal	§ 2.2 in Franchise Agreement	17
v. Post-termination obligations	§ 14 in Franchise Agreement	17
w. Non-competition covenants	§ 15 in Franchise Agreement	17
x. Dispute resolution	§ 23 in Franchise Agreement	17
y. Taxes/permits	§§ 5.2 and 16 in Franchise Agreement	1
z. Guarantee of franchise obligations	§ 5.5 in Franchise Agreement	15

[Remainder of this page left intentionally blank.]

ITEM 10
FINANCING

We do not offer direct or indirect financing. We will not guarantee your note, lease, or other obligations.

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

Except as listed below, Roy Rogers Franchise Company, LLC is not required to provide you with any assistance.

Pre-opening Obligations

We are required by the Franchise Agreement to provide certain assistance and service to you.

Before you open your Restaurant:

(1) We will provide to you and to your Highly Trained Personnel (defined below under the subheading "Training"), our standard initial training program at a location, and at the time(s), that we designate. (Training is also discussed below in this **Item 11** under the subheading "Training.") We will provide an initial training program that may be, at our discretion, up to ten weeks in length, although such training may not be provided over ten consecutive weeks. As part of the initial training program, if the Restaurant is your first Roy Rogers Restaurant, we will provide you with a minimum of seven days on-site assistance at the Restaurant during the opening of the Restaurant. If the Restaurant is your second or additional Roy Rogers Restaurant, we will provide you with a minimum of three days on-site assistance at the Restaurant during the opening of the Restaurant. We will be responsible for the cost of instruction and materials, subject to the terms stated in the Franchise Agreement. (Franchise Agreement, Sections 3.1, 5.5)

(2) We will provide, at no charge to you, prototype plans and specifications for the construction of the Restaurant and for the exterior and interior design and layout, fixtures, equipment, furnishings, and signs. You are also responsible for compliance with all local and other requirements relating to the plans, including, for example, zoning, and compliance with the Americans with Disabilities Act. (Franchise Agreement, Section 3.2)

(3) We have the right to inspect and approve the Restaurant for opening before the initial opening. You may not start operation of your Restaurant until receiving our approval to do so. (Franchise Agreement, Section 3.9)

(4) We may provide a representative to be present at the Restaurant's initial opening. We will provide additional on-site pre-opening and opening supervision and assistance as we deem it advisable to do so. (Franchise Agreement, Section 3.3)

(5) We will provide you with access, for the term of the Franchise Agreement, to the Manual (which is more fully described in **Item 14** below). (Franchise Agreement, Section 3.4)

(6) We will assist you in developing and conducting the Grand Opening Marketing Program (which is more fully described in **Item 6** above, and in this **Item 11** below); you will be responsible for the cost of this program. (Franchise Agreement, Section 3.7)

We are not required by the Franchise Agreement to furnish any other service or assistance to you before the opening of your Restaurant.

Continuing Obligations

We are required by the Franchise Agreement to provide certain assistance and service to you. During the operation of your Restaurant:

(1) We will make available additional training programs, as we deem appropriate. (Franchise Agreement Section 5.5)

(2) We will give you periodic assistance to you in the marketing, management and operation of the Restaurant, as we deem advisable. (Franchise Agreement, Section 3.10)

(3) We will administer the Marketing Fund as stated in the Franchise Agreement and as described below in this **Item 11**. (Franchise Agreement Section 3.6)

Neither the Franchise Agreement, nor any other agreement, requires us to provide any other assistance or services to you during the operation of the Restaurant.

Site Selection

If you have not obtained an approved location for the Restaurant, you must enter into a Site Selection Agreement prior to entering into a Franchise Agreement, under which you will lease, sublease or acquire a site for the Restaurant, subject to our approval. Under the terms of the Site Selection Agreement, you will have six months to acquire or lease, at your expense, commercial real estate that is properly zoned for the use of the Restaurant under the Franchise Agreement at a site approved by us. Failure to acquire or lease a site within the six month period will constitute a default under the Site Selection Agreement.

Under the Site Selection Agreement, you must submit to us, in the form we specify, a copy of the site plan and such other information or materials as we may require, together with an option contract, letter of intent, or other evidence satisfactory to us which confirms your favorable prospects for obtaining a site. We will have 30 days following receipt of such information and materials from you to approve or disapprove the proposed site for the approved Location of the Restaurant. If we do not disapprove a proposed site by written notice to you within this 30-day period, such site will be deemed approved.

We will have the right to approve the terms of any lease or sublease for the site of the Restaurant before you sign it. Our approval of any lease is conditioned upon inclusion in the lease of the Lease Rider, attached to the Franchise Agreement as Exhibit F. We are not responsible for review of the lease for any terms other than those contained in the Lease Rider.

Once approved, the site for the Restaurant will be the “**Approved Location.**” If you sign a Franchise Agreement within 30 days of the later of site approval or signing a lease for the site, the Approved Location will be specified in the Franchise Agreement, and will become a part of the Franchise Agreement.

We will furnish our site selection guidelines to you, including our minimum standards for a location for the Restaurant, and such site selection counseling and assistance as we may deem advisable. We will perform any on-site evaluation as we may deem advisable in response to your requests for site approval; however, we will not be required to provide on-site evaluation for any proposed site.

We estimate that the time period between the signing of the Franchise Agreement and the start of operations at the Restaurant will be approximately 12-18 months. In some situations, we estimate that it may take up to six months to secure a lease and building permits for the site, followed by up to 12 months of construction, training, and pre-opening work. Factors which may affect this time period include your ability to secure financing, negotiate a lease or purchase the property, obtain necessary permits and licenses (including the liquor license, a process which may be lengthy in some jurisdictions), construct or build-out facilities for the Restaurant, and obtain fixtures, equipment and supplies.

Training

Before your Restaurant opens, you (or, if you are a corporation, partnership, limited liability company, or limited liability partnership, one of your principals who you designate to supervise the operation of the Restaurant, and who we have previously approved (the “**Operating Partner**”)), and at least three, but no more than four, of your employees who will be responsible for the operation and management of the Restaurant with such individuals or job titles or areas of responsibility designated by us (the “**Highly Trained Personnel**”) must attend and successfully complete, to our satisfaction, the initial training program that we offer. For the purpose of the Franchise Agreement, the “Operating Partner” must be a person who has an ownership interest in franchisee, and who has signed the Guarantee, Indemnification and Acknowledgement that is attached to the Franchise Agreement.

The Restaurant must be under the active full-time management of either you or the Operating Partner who has successfully completed (to our satisfaction) our initial training program.

If any of you (or the Operating Partner), or any of the Highly Trained Personnel cease active management or employment at the Restaurant, then you must enroll a qualified replacement (who must be reasonably acceptable to us) in our initial training program not more than 30 days after the end of the former person’s full-time employment or management responsibilities. The replacement must attend and successfully complete the basic management training program, to our reasonable satisfaction, as soon as it is practical to do so.

We may require that any or all of the Highly Trained Personnel attend refresher courses, seminars, and other training programs periodically.

We will bear the cost of all training (instruction and required materials). You will bear all other expenses incurred in attending training, such as the costs of transportation, lodging, meals, wages, and worker’s compensation insurance (see **Items 6 and 7** of this Disclosure Document).

If you ask that we provide additional on-site training, and we are able to do so, then you will pay us our then-current per diem charges and out-of-pocket expenses. Our per diem charges are specified in **Item 6**.

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Technical Skills Development Dining Room Front Line Back Line Kitchen Inventory		168 hours	Frederick, Maryland
Shift Control Development Scheduling Shift Control People Skills Point of Sale Mgmt Time Management SQS Frontline Control Backline Control Administration		160 hours	Frederick, Maryland
Management Skills Training RRFC Mission Key Interaction Skills Communications Role of the Manager Overcoming Obstacles Crisis Management Shift Control Hospitality Government Regulations Customer Service	40 hours		Frederick, Maryland
Safety/Sanitation ServSafe CPR/First Aid	16 hours		Frederick, Maryland
Equipment Maintenance	4 hours		Frederick, Maryland
Franchise Owner Training RRFC Support Role of Business Consultant	4 hours		Frederick, Maryland

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Communication with RRFC Product Development/ Testing			
Human Resources Policies and procedures Recruiting and Hiring Retention	6 hours		
Financial Key Performance measures Reporting requirements Financial statements Benchmarking	4 hours		
Marketing Brand Strategy Local Store Marketing RRFC System Marketing fund	4 hours		
Unit Opening Progress Updates Equipment Testing Training Approval Process	4 hours		

Additionally, the following are some of the instructional materials that will be utilized during the training program:

- Basic Management Skills Training Manual
- Roy Rogers Operations Manual
- Skills Handbooks and Tests
- Station Card Job Aids
- Station Evaluations
- Policy Manual
- Individual Course Materials
- Interactive Exercises
- Safety Manual
- ServSafe Textbook and Exam
- Course Materials
- Operations Manual
- Course Materials

Training will be conducted over an eight to ten week period (not necessarily in a consecutive period) at locations of our choosing. Training is conducted as frequently throughout the year as we determine it necessary (i.e., on an as-needed basis) to hold a training class.

Currently, our training program is conducted under the supervision and direction of Katrina Wyand-Yurish, our Director of Human Resources, with significant involvement and oversight by our Director of Operations, Greg Seymoure. Both Ms. Wyand-Yurish and Mr. Seymoure have significant training and/or restaurant operations experience. Specifically, Ms. Wyand-Yurish has been conducting training for Roy Rogers since 2009, and other retail and service industry training since 1994. Mr. Seymoure has been conducting training for Roy Rogers since 2009, and has been involved in restaurant and quick-service operations and training for other brands from 1984 through 2005. See Item 2 for additional information regarding Ms. Wyand-Yurish's and Mr. Seymoure's background and experience.

Advertising

As described in **Item 6** above, for each Month during the term of the Franchise Agreement, you will be required to make a Marketing Contribution. If you are a new franchisee, your Marketing Contribution will be an amount up to 3% of the Gross Sales of your Restaurant during the preceding Month.

The Marketing Contribution will be paid to the Marketing Fund. There are likely to be different advertising needs in different types of markets. For example, Restaurants that operate in resort or vacation areas may need a different kind and volume of advertising than do Restaurants that operate in suburban areas or in cities.

The Marketing Fund

The Marketing Fund, and all contributions to and earnings from the Marketing Fund, will be used only (except as otherwise provided below) to meet any and all costs of maintaining, administering, directing, conducting, and preparing advertising, marketing, public relations and promotional programs and materials, and any other activities that we believe will enhance the image of the System. This includes, among other things, the costs of: preparing and conducting media advertising campaigns, direct mail advertising, marketing surveys and other public relations activities; developing marketing and promotional strategies; employing advertising and/or public relations agencies to assist; purchasing promotional items; designing menu boards, point-of-purchase (POP) materials, including design and photographs; conducting and administering visual merchandising, POS, and other merchandising programs; providing promotional and other marketing materials and services to the Restaurants operated under the System; and the salaries of our employees in conjunction with System marketing activities. We may also use the Marketing Fund to provide rebates or reimbursements to franchisees for local expenditures on products, services, or improvements that we have approved in advance (but we will have the right to determine which products, services, or improvements will appropriately promote general public awareness and favorable support for the System).

We administer the Marketing Fund. The Marketing Fund is not audited. We prepare an annual accounting of the Marketing Fund and make it available to franchisees upon request. In 2013, the Marketing Fund spent 20.6% of its income on creative marketing materials, including point of purchase materials and signage, 2.6% on general and administrative expenses, 28.6% on promotions, including media purchased, new product development and public relations, 31.5% on marketing agency fees (which includes all creative media planning and buying (e.g., layout creation and design, writing, creative direction) research (focus groups), account planning and management and ad campaign implementation and execution), and 16.7% on marketing personnel. We intend to spend all of the money in the

Marketing Fund in the year in which we collect it. Any amount not used in one year is carried over to and spent during the following year. We will have the sole right to decide how the Marketing Fund creates, places, and pays for advertising. In 2013, the Marketing Fund planned for and expended funds on marketing, advertising and public relations campaigns, programs and related activities in excess of the monies collected from franchisees and PEI. Therefore, we provided the additional monies necessary to support and fully fund the 2013 advertising and marketing initiatives.

We (or our designee, which might be a corporate subsidiary or an advertising agency) will maintain and administer the Marketing Fund, as follows:

- (a) We (or our designee) will direct all marketing programs, with the sole right to decide the concepts, materials, and media used in these programs and the placement and allocation of the programs. The Marketing Fund is intended to maximize general public recognition, acceptance, and use of the System. Neither we nor our designee will be obligated to make expenditures for you that are equivalent or proportionate to your contribution, or to ensure that any particular franchisee benefits directly or *pro rata* from expenditures by the Marketing Fund.
- (b) The Marketing Fund, and all contributions to and earnings from the Marketing Fund, will be used exclusively to meet the costs of marketing and any other activities that we believe will enhance the System's image and, in our sole discretion, promote general public awareness of and favorable support for the System.
- (c) You must contribute to the Marketing Fund, by electronic fund transfer (EFT), by the tenth business day of each Month (see also **Item 6**, note 2). All sums you pay to the Marketing Fund will be maintained in an account separate from our other monies.
- (d) We will have the right to charge the Marketing Fund for the reasonable administrative costs and overhead that we incur in activities reasonably related to the direction and implementation of the Marketing Fund and advertising programs for you and the System (for example, costs of personnel for creating and implementing, associated overhead, advertising, merchandising, promotional and marketing programs). The Marketing Fund and its earnings will not otherwise inure to our benefit or be used to solicit the sale of franchises. We or our designee will maintain separate bookkeeping accounts for the Marketing Fund.
- (e) The Marketing Fund is not and will not be our asset.
- (f) Although the Marketing Fund is intended to be of perpetual duration, we maintain the right to terminate the Marketing Fund. The Marketing Fund will not be terminated, however, until all monies in the Marketing Fund have been spent for advertising or promotional purposes.

None of the amounts collected or held by the Marketing Fund will be used for advertising that is principally a solicitation for the sale of franchises. A statement of the Marketing Fund's operations, as shown on our books, will be prepared annually, and that statement will be made available to you upon request. As described above, we are not required to spend any particular amount on advertising in the area where your Restaurant is located. Also as described above, if amounts are unspent in the Marketing Fund at fiscal year-end, those amounts will be carried over by the Fund for expenditure in the following year(s).

Our current policy is to have all Roy Rogers Restaurants, including currently existing affiliate-owned Roy Rogers Restaurants (currently owned by PEI), as well as any future Roy Rogers Restaurants which we or any of our affiliates may establish, contribute to the Marketing Fund on the same basis as is required of our Franchisees; however, we (and PEI) are not obligated to do so and reserve the right to change that policy.

Cooperatives

We will have the right, as we see fit, to establish a Cooperative for the geographic region in which your Restaurant is located. The purpose of a Cooperative is to conduct advertising campaigns for the Roy Rogers Restaurants located in that region.

If a Cooperative for your area was established before you began to operate your Restaurant, then when you open your Restaurant, you must immediately join that Cooperative. If a Cooperative for your area is established after you begin to operate your Restaurant, then you must immediately become a member of such Cooperative, and take all steps necessary to become such member. You will not be required to be a member of more than one Cooperative. The following provisions will apply to each Cooperative (if and when organized):

- (a) Cooperatives will be established, organized, and governed (including but not limited to bylaws and other organic documents) in the form and manner that we have approved in advance, and will commence operations on a date that we have approved in advance. We will have the power to require that a Cooperative be formed, changed, dissolved, or merged. Unless otherwise specified by us, the activities carried on by each Cooperative will be decided by a majority of votes of its members. Any Restaurants that we (or our affiliates) operate under the System in the region shall have the same voting rights as those operated by franchisees. There will be one (1) vote for each Restaurant operating under the System within the geographic region of the Cooperative.

If we or an affiliate-owned Roy Rogers Restaurant (currently, PEI) contribute to a Cooperative, we and/or they will have the same voting rights for such Restaurants as do our franchisees with respect to their Restaurants.

- (b) Cooperatives will be organized for the exclusive purpose of administering regional advertising programs and developing (subject to our approval) standardized promotional materials for use by the members in local advertising and promotion.
- (c) Cooperatives may not use advertising, promotional plans, or materials without our prior written approval, as described below.
- (d) You must contribute to the Cooperative in the amount that is determined by the Cooperative. You must submit your required contribution to the Cooperative in the same manner and at the same time as your royalty payments (by the tenth business day of each Month, based on your Gross Sales for the preceding month). At the same time, you will have to submit the reports that we or the Cooperative require. We may require you to submit this payment by EFT or by check. We also may require that your payments and reports to the Cooperative be made to us for distribution to the Cooperative.
- (e) Although, if established, a Cooperative is intended to be of perpetual duration, we maintain the right to terminate any Cooperative. A Cooperative will not be terminated,

however, until all monies in that Cooperative have been expended for advertising or promotional purposes.

Local Advertising and Promotion

In addition to the Marketing Contribution, you will be required to expend an amount equal to at least 3% of annual Gross Sales on local advertising and promotion. If you belong to a Cooperative, up to 3% of your contributions to the Cooperative will be considered local advertising and promotion, and will be credited against your obligation to spend monies on local advertising and promotion. Certain criteria will apply to any local advertising and promotion that you conduct. All of your local advertising and promotion must be dignified, must conform to our standards and requirements, and must be conducted in the media, type, and format that we have approved. You may not use any advertising or promotional plans that we have not approved in writing. You must submit to us samples of all proposed plans and materials (unless, within the previous six months, we prepared or already approved the plans or materials) before you use such materials. If we have not approved such materials within seven days of our receipt, then the advertising and promotional materials will be deemed approved. You are not required to obtain our approval of the prices you intend to charge.

All copyrights in and to advertising and promotional materials you develop (or that are developed for you) will become our sole property. You must sign the documents (and, if necessary, require your independent contractors to sign the documents) that we deem necessary to implement this provision. (The requirements in this paragraph, as well as in the previous paragraph, will also apply to any Cooperatives.)

We will periodically make available to you, for purchase, certain advertising plans and promotional materials for your use in local advertising and promotion.

As used in the Franchise Agreement, the term “**local advertising and promotion**” refers to only the direct costs of purchasing and producing advertising materials (such as camera-ready advertising and point of sale materials), media (space or time), and those direct out-of-pocket expenses related to costs of advertising and sales promotion in your local market or area. Local advertising and promotion also includes associated advertising agency fees and expenses, postage, shipping, telephone, and photocopying costs. “Advertising and sales promotion” does not, however, include any of the following:

- (a) Salaries, incentives or discounts offered to your employees, and your employees expenses;
- (b) Charitable, political, or other contributions or donations;
- (c) The value of discounts given to consumers; and
- (d) The cost of food items.

Grand Opening Marketing Program

As discussed in **Item 7**, in addition to (and not in place of) the Marketing Contribution, you must spend a minimum of \$10,000 on local advertising and promotion conducted for the Restaurant’s grand opening marketing program (the “**Grand Opening Marketing Program**”), according to our specifications for that program. You must complete the Grand Opening Marketing Program no later than 60 days after the Restaurant first opens for business. All materials used in the Grand Opening Marketing Program will be subject to our prior written approval, as described above. The Grand Opening Marketing Program is considered “local advertising and promotion” and is therefore subject to the restrictions

described above. We will work with you to tailor your Grand Opening Marketing Program to your market. We reserve the right to require you to deposit with us the funds for the Grand Opening Marketing Program so that we may distribute the funds in connection with the Grand Opening Marketing Program.

Websites

Websites (as defined below) are considered as “advertising” under the Franchise Agreement, and are subject (among other things) to our review and prior written approval before they may be used (as described above). As used in the Franchise Agreement, the term “**Website**” means an interactive electronic document, contained in a network of computers linked by communications software that you operate or authorize others to operate and that refers to the Restaurant, Proprietary Marks, us, or the System. The term Website includes, but is not limited to, Internet and World Wide Web home pages. In connection with any Website, the Franchise Agreement provides that you may not establish a Website, nor may you offer, promote, or sell any products or services, or make any use of the Proprietary Mark, through the Internet, without our prior written approval. As a condition to granting any such consent, we will have the right to establish any requirement that we deem appropriate, including among other things a requirement that your only presence on the Internet will be through one or more webpages that we establish on our website.

The use of “Social Media” sites, and any use of Social Media, in which the Proprietary Marks, or references to the Restaurants or your operations as a franchisee are used or reflected in the Social Media site or on a Social Media network or platform, are deemed “advertising” under the Franchise Agreement, and are subject to (among other things) our review and prior written approval before they may be used. The term “Social Media” refers to virtual networks, communities, platforms and Websites where people interact in creating, exchanging or sharing information and ideas. The term Social Media and associated networking sites currently includes, but is not limited to, Facebook, Twitter, Instagram, Pinterest, YouTube, Flickr, Foursquare, Yelp, along with any other social networking and blog sites that are now in existence or may be created in the future. We may from time to time establish policies regarding Social Media, and your use or presence on Social Media sites, platforms, networks or Websites, as we may determine is appropriate for the System and network of Roy Rogers Restaurants, franchisees and operators. We may modify our policies as we determine to be appropriate, and we may take into account available and changing technologies and advertising methods. Currently, in connection with any Social Media network, you may not establish a Social Media page or handle, nor may you offer, promote or sell any products or services, or make any mention or use of the Restaurant or the Proprietary Marks without our prior written approval. As a condition to granting any such consent, we will have the right to establish any requirement that we deem appropriate, including among other things a requirement that your presence on any Social Media platform will be through one or more sites and pages that we have previously established or plan to establish in the future.

Electronic Point-Of-Sale and Computer Systems

We have the right to specify or require that certain brands, types, makes, and/or models of communications, computer systems, computer software, and hardware be used by, between, or among Roy Rogers Restaurants, including without limitation: (a) back office and POS systems, data, audio, video, and voice storage, retrieval, and transmission systems for use at your Restaurant, between or among Roy Rogers Restaurants, and between and among your Restaurant and us and/or you; (b) physical, electronic, and other security systems; (c) printers and other peripheral devices; (d) archival back-up systems; and (e) high speed internet access mode and email capabilities (collectively, the “**Computer System**”).

At our request, you must purchase or lease, and thereafter maintain, the Computer System. We will have the right at any time to retrieve and use such data and information from your Computer System that we deem necessary or desirable. In view of the contemplated interconnection of computer systems and the necessity that such systems be compatible with each other, you must strictly comply with our standards and specifications for all item(s) associated with your Computer System, and must otherwise operate your Computer System in accordance with our standards and specifications. To ensure full operational efficiency and optimum communication capability between and among equipment and computer systems installed by you, us, and other franchisees, you must keep your Computer System in good maintenance and repair. With respect to the Computer System, we will have the right, to the effect that same will prove economically or otherwise beneficial to all System franchisees, to require you to promptly install at your expense such additions, changes, modifications, substitutions and/or replacement to your computer hardware, software, telephone and power lines, and other related facilities, as we direct.

At this time, we require our franchisees to buy or lease a computer hardware and software POS system, that is fully compatible with our computer system and that will include the information interface capability to communicate electronically with our Computer System in order to generate and store sales information, food costs, wage costs, and other related costs that we designate. Under the Franchise Agreement, we reserve the right to require you to purchase and utilize certain computer software in connection with the Computer System, for which you may be required to pay licensing fees. Currently there is not a licensing fee, however, if a licensing fee is imposed or required, the fees for such software shall not exceed Ten Thousand Dollars (\$10,000) as a one-time licensing fee.

We estimate that your costs of purchasing or leasing the Computer System will be \$37,000 (excluding applicable discounts), plus taxes and freight. This figure includes Front of House equipment, Aloha and Menu Link software, back office equipment, installation and programming, training, power protection and backup. Currently, the costs of ongoing maintenance, updating and upgrading the Computer System are \$10,000. This annual figure contains Aloha hosting set-up; Menu Link hosting; annual maintenance and help desk; E-card service; Pulse mobile reprinting and PCI Security services.

We reserve the right to download all sales and other data from your computer. There is no contractual limitation on our right to receive this information. We reserve the right to require you to bring any computer hardware and software, related peripheral equipment, communications systems, as well as the cash register system, into conformity with our then-current standards for new Restaurants. We have no obligation to assist you in obtaining hardware, software or related services and there are no contractual limits on the frequency or cost of your obligations to obtain such upgrades. (See Sections 2.2.2, 5.10, and 5.17 of the Franchise Agreement.)

Manuals

You will be permitted to view the Manual prior to entering into the Franchise Agreement with us. You will be required to sign a confidentiality and non-disclosure agreement in connection with your review of the Manual. A copy of our Confidentiality and Non-Disclosure Agreement is attached to this Disclosure Document as **Exhibit I**.

ITEM 12 TERRITORY

Franchise Agreement

During the term of the Franchise Agreement, and except as otherwise provided in that agreement, we will not establish or license anyone else to establish, another Roy Rogers Restaurant at any location within the “**Territory**” that is designated in your Franchise Agreement. The Territory will be based on the population of persons residing within the region surrounding the Restaurant. The size of the Territory granted will vary from franchise to franchise, but will typically be for an area with a population of approximately 15,000 surrounding the Approved Location (as determined by the 2000 U.S. Census, or other available data sources). We do not intend to grant franchises with a Territory containing a population of less than 10,000, although there may be circumstances (such as franchises granted for Institutional Facilities) where the Territory will be less than 10,000. The Territory will be described in the Franchise Agreement by zip code or other features documented on a map; and a map of the Territory will be included as an Exhibit to the Franchise Agreement. We will designate the Territory after you propose, and we approve, the Approved Location. Relocation of your Restaurant may be allowed with our express prior written approval.

While you will receive the territorial rights described above (that is, generally, we will not establish another Roy Rogers Restaurant in your Territory), we will have the right (among other things), on any terms and conditions that we deem advisable, and without granting you any rights, to do any or all of the following:

- to establish, and license others to establish, Restaurants at any location outside the Territory despite their proximity to the Territory or the Approved Location or its actual or threatened impact on sales at your Restaurant;
- to establish, and license others to establish, Restaurants at any Institutional Facility (as that term is defined below) within or outside the Territory, despite such Restaurants’ proximity to the Approved Location or their actual or threatened impact on sales at your Restaurant;
- to establish, and license others to establish, restaurants or stores under other systems or other proprietary marks, which restaurants or stores may offer or sell products that are the same as, similar to, or different from the products offered from the Restaurant, and which restaurants or stores may be located within or outside the Territory, despite such Restaurant or store’s proximity to the Approved Location or their actual or threatened impact on sales at your Restaurant; and
- to sell and distribute, directly or indirectly, or license others to sell and distribute, directly or indirectly, any products, services or merchandise from any location or to any purchaser (including, but not limited, to sales made at retail locations, supermarkets, gourmet shops, mail order, and on the Internet), so long as such sales are not conducted from a Restaurant operated from a location inside the Territory (excluding an Institutional Facility).

The term “**Institutional Facility**” includes, among other things: military bases, public transportation facilities, government offices or institutions, educational institutions, health care facilities, toll road or highway rest stops, parks, stadiums, malls, museums, art centers, contract or institutional food service operators, theaters, warehouse clubs, theme parks, amusement centers, truck stops, or casinos.

As discussed above, your territorial protection is limited. Therefore, you will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we may control.

You may offer and sell products only from the Restaurant, as further described in **Item 16**. You may not market or promote any products or services outside the Territory. You may not offer or sell products or services through any other means, including catering, satellite locations, temporary locations, carts, kiosks, or through any electronic media, without our prior written approval.

Under the Franchise Agreement, you will not acquire any options, rights of first refusal, or similar rights to acquire additional franchises within the Territory or any contiguous territories. The continuation of your territorial exclusivity does not depend on the achievement of any particular sales volume, market penetration, or other contingency. If you default under the Franchise Agreement, we reserve the right to undertake certain actions in lieu of termination of the Franchise Agreement, including modifying, or eliminating completely, the Territory.


Site Selection Agreement

As noted in **Item 11** above, if you have not obtained an Approved Location for the Restaurant prior to entering into the Franchise Agreement, you must sign a Site Selection Agreement before signing the Franchise Agreement, under which you will lease, sublease, or acquire a site for the Restaurant, subject to our approval. The Site Selection Agreement will designate an area, referred to as the “**Site Selection Area**,” within which you will search for a suitable location for the Restaurant. This is the sole purpose of the Site Selection Area. We will not establish, nor will we franchise another person or entity to establish, a Roy Rogers Restaurant operating under the System within the Site Selection Area until we approve the location for your Restaurant, or until the expiration of the search period (which, as noted above, is six months), whichever event first occurs. Following the approval of a site, or the expiration of the search period, the Site Selection Agreement will terminate and you will not have any further rights with respect to the Site Selection Area.

ITEM 13
TRADEMARKS

We grant you the right to use certain Proprietary Marks under the Franchise Agreement. Our affiliate, **RRTC**, owns the registration for, and/or has applied for registration for, the following Proprietary Marks with the U.S. Patent and Trademark Office (the “**USPTO**”) on its Principal Register:

Trademark	Registration No.	Registration Date
ROY ROGERS (Stylized)	1,165,024	Aug-11-1981
ROY ROGERS	882,909	Dec-23-1969
DOUBLE-R-BAR BURGER	1,061,424	Mar-15-1977
FIXINS BAR	1,447,946	Jul-14-1987

ROY ROGERS & Cowboy Hat Design	2,920,564	Jan-25-2005
		

We, RRTC, or our predecessor has filed with the USPTO all required affidavits of use and renewal applications. RRTC has licensed to us the right to use, and to license others (such as you) to use, the Proprietary Marks under a trademark license agreement (the “**TM License Agreement**”). The TM License Agreement is of perpetual duration, and either we or RRTC may terminate the TM License Agreement upon 30 days’ notice to the other party. If, during the term of your Franchise Agreement, the TM License Agreement is terminated, RRTC will assume our rights and obligations to you under the Franchise Agreement with respect to the Proprietary Marks, and your right to use the Proprietary Marks under the Franchise Agreement will continue under the terms of the Franchise Agreement.

Your right to use the Proprietary Marks is limited to the uses that are authorized under the Franchise Agreement, and any unauthorized use of the Proprietary Marks will infringe upon our rights. You may not use any Proprietary Mark: (1) as part of any corporate name or other business name; (2) with any prefix, suffix, or other modifying words, terms, designs, or symbols, or in any modified form; (3) in connection with performing or selling any unauthorized services or products; (4) as part of any domain name, electronic address or search engine or in any other manner in connection with a Website without our prior written approval; or (5) in any other manner that we do not expressly authorize in writing. You must identify yourself as the independent owner and operator of your business and Restaurants in the manner we specify (such as on invoices, order forms, receipts, and contracts). You must also give the trademark registration notices that we designate, and obtain any assumed business name registrations that applicable law requires.

There are no currently effective material determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state, or any court, and no pending infringement, opposition, or cancellation proceeding, or any pending material litigation, involving the Proprietary Marks. No agreement significantly limits our rights to use or license the Proprietary Marks in any state in a manner material to the franchise, and we know of no superior prior rights or infringing uses that could materially affect your use of the Proprietary Marks in any state. Other than the TM License Agreement, there are no agreements affecting our right to use the Proprietary Marks.

You must immediately notify us of any apparent infringement of or challenge to your use of any Proprietary Mark or any person’s claim of any rights in any Proprietary Mark. You may not communicate with anyone except us and our counsel (and, if applicable, our licensor and its counsel) with respect to any infringement, challenge or claim. We will have discretion to take any action we deem appropriate and the right to control exclusively any settlement, litigation, or administrative or other proceeding relating to any infringement, challenge or claim or otherwise relating to any Proprietary Mark. You must render the assistance we require to protect and maintain our interests in any litigation or proceeding or otherwise to protect and maintain our interests in the Proprietary Marks. If you have used the Proprietary Marks as required under the Franchise Agreement, we will defend you at our expense against any third party claim, suit, or demand involving the Proprietary Marks arising out of you use of the Proprietary Marks. If you have not used the Proprietary Marks as required under the Franchise Agreement, we will defend you, at your expense, against any third party claims, suits, or demands involving your use of the Proprietary Marks. We have the right to direct and control any administrative proceeding or litigation, or other adjudicative proceeding involving the Proprietary Marks, including any

settlements. We have the right, but not the obligation, to take action against uses by others that may constitute infringement of the Proprietary Marks.

If it becomes advisable at any time in our sole judgment for you to modify or discontinue using any Proprietary Mark or for you and the Restaurant to use one or more additional or substitute trade or service marks, you will have to immediately comply with our directions. Neither we nor our affiliates will have any obligation to reimburse you for any expenditures you make because of any discontinuance or modification.

ITEM 14 **PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION**

Patents

No current or pending patents are material to the operation of your Restaurant.

Copyrights

We claim copyright protection covering various materials used in our business and the development and operation of Roy Rogers Restaurants, including the Manual, advertising and promotional materials, and similar materials. We have not registered these materials with the United States Registrar of Copyrights but we are not required to do so.

There are no currently effective determinations of the United States Copyright Office or any court, nor any pending litigation or other proceedings, regarding any copyrighted materials. No agreement limits our rights to use or allow franchisees to use the copyrighted materials. We do not know of any superior prior rights or infringing uses that could materially affect your use of the copyrighted materials. No agreement requires us to protect or defend our copyrights or to indemnify you for any expenses or damages you incur in any judicial or administrative proceedings involving the copyrighted materials. No provision in the Franchise Agreement requires you to notify us of claims by others of rights to, or infringements of, the copyrighted materials. If we require, you must immediately modify or discontinue using the copyrighted materials. Neither we nor our affiliates will have any obligation to reimburse you for any expenditures you make because of any discontinuance or modification.

Confidential Information

Except for the purpose of operating the Restaurant under the Franchise Agreement, you may never (during Franchise Agreement's term or later) communicate, disclose, or use for any person's benefit any of the confidential information, knowledge, or know-how concerning the operation of the Restaurant that may be communicated to you or that you may learn by virtue of your operation of a Restaurant. You may divulge confidential information only to those of your employees who must have access to it in order to operate the Restaurant. Any and all information, knowledge, know-how, and techniques that we designate as confidential will be deemed confidential for purposes of the Franchise Agreement. However, this will not include information that you can show came to your attention before we disclosed it to you; or that at any time became a part of the public domain, through publication or communication by others having the right to do so.

In addition, we may require you, your Operating Partner, and your Highly Trained Personnel to sign confidentiality covenants. Every one of these covenants must provide that the person signing will maintain the confidentiality of information that they receive in their employment or affiliation with you or

the Restaurant. These agreements must be in a form that we find satisfactory, and must include, among other things, specific identification of our company as a third party beneficiary with the independent right to enforce the covenants. Our current form for this agreement is attached to the Franchise Agreement as Exhibit H.

Confidential Manuals

In order to protect our reputation and goodwill and to maintain high standards of operation under our Proprietary Marks, you must conduct your business according to the Manuals. We will provide you with access to our Manuals for the term of the Franchise Agreement.

You must always treat in a confidential manner the Manuals, any other manuals we create (or that we approve) for use with the Restaurant, and the information contained in the Manuals. You must use best efforts to maintain this information as secret and confidential. You may not copy, duplicate, record, or otherwise reproduce the Manuals and the related materials, in whole or in part (except for the parts of the Manuals that are meant for you to copy, which we will clearly mark as such), nor may you otherwise let any unauthorized person have access to these materials. The Manuals will always be our sole property. You must always keep the Manuals in a secure place at the Restaurant's premises.

We may periodically revise the contents of the Manuals, and you must make corresponding revisions to your copy of the Manuals and comply with each new or changed standard. If there is ever a dispute as to the contents of the Manuals, our master copy of the Manuals (maintained at our home office) will be controlling.

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

The Franchise Agreement does not require you to participate personally in the direct operation of the Restaurant, although we encourage and recommend active participation by you. We do, however, require that you or your Operating Partner devote full time, energy, and best efforts to the management of the Restaurant.

You or your Operating Partner must supervise the operation of the Restaurant, and you and he/she must be approved by us. If you have an Operating Partner, the Operating Partner must have an equity interest in the franchisee entity, but we do not specify a minimum ownership interest. However, we do not require your on-premises restaurant manager to have an equity interest in the franchisee entity. All persons that serve in the positions of Highly Trained Personnel must be approved by us and must attend and successfully complete our initial training program which is described in **Item 11** of this Disclosure Document. Our approval will be based on a number of factors, including whether the proposed Highly Trained Personnel have a good business reputation, appears to have the business and interpersonal skills and acumen to manage this type of business, are not competitors of ours, and whether they can successfully complete our training program. After the initial Highly Trained Personnel, any replacements will also be subject to our reasonable approval, and are required to attend and successfully complete our training program. We require your principals, that is, persons with an ownership or equity interest in the franchisee entity who are designated in Exhibit C in the Franchise Agreement ("**Principals**") (including the Operating Partner), supervisors and managers to sign a non-disclosure and non-competition agreement, the form of which is attached to the Franchise Agreement as Exhibit G. We do not impose any other restrictions on your managers.

Our policy is that we require your Principals to sign a guarantee in the form attached to the Franchise Agreement.

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You may sell and provide only products and services that conform to our standards and specifications (which are described in **Item 8** above). We have the right, without limit, to change the types of authorized products and services. See **Item 8** for a description of approval, recommended and required products and services.

As noted above in **Item 12**, you may only offer and sell products to retail customers for consumption on the Restaurant’s premises, for personal, carry-out and “drive-thru” consumption, in a manner that complies with our standards. All sales will be counted in “Gross Sales.”

The Approved Location for the Restaurant will be specified in the Franchise Agreement. You may not relocate the Restaurant without our prior written approval.

ITEM 17
RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

Provision	Section in Agreement	Summary
a. Length of the franchise term	§ 2.1 of Franchise Agreement; ¶ 1 of Site Selection Agreement	15 years; 6 months for the Site Selection Agreement
b. Renewal or extension of the term	§ 2.2 of Franchise Agreement	Two additional 5-year terms
c. Requirements for you to renew or extend	§§ 2.2.1 - 2.2.9 of Franchise Agreement, 2.2.1	Notice, satisfaction of monetary obligations, compliance with Franchise Agreement, sign release (see Exhibit L in this Disclosure Document), sign new Franchise Agreement (which may contain materially different terms and conditions than the original Franchise Agreement), pay fee, and others; see §§ 2.2.1 - 2.2.9 in Franchise Agreement. (See Note 1)
d. Termination by you	Not Applicable	Not Applicable

Provision	Section in Agreement	Summary
e. Termination by us without cause	Not Applicable	Not Applicable
f. Termination by us with cause	§ 13 of Franchise Agreement; ¶ 1 of Site Selection Agreement	Default under Franchise Agreement, bankruptcy, abandonment, and other grounds; see § 13 of the Franchise Agreement. (See Note 2) Under the U.S. Bankruptcy Code, we may be unable to terminate the agreement merely because you make a bankruptcy filing. Under the Site Selection Agreement, failure to locate an acceptable site within the Search Period.
g. “Cause” defined – curable defaults	§ 13.3 of Franchise Agreement	All other defaults not specified in §§ 13.1 and 13.2 of the Franchise Agreement. (See Note 1)
h. “Cause” defined – non-curable defaults	§§ 13.1 and 13.2 of Franchise Agreement; ¶ 1 of Site Selection Agreement	Bankruptcy, abandonment, conviction of felony, and others; see § 13.2. of the Franchise Agreement (Under the U.S. Bankruptcy Code, we may be unable to terminate the agreement merely because you make a bankruptcy filing.) Under the Site Selection Agreement, failure to locate an acceptable site within the Search Period.
i. Your obligations on termination/ non-renewal	§ 14 of Franchise Agreement	Cease operating Restaurant, payment of amounts due, and others; see §§ 14.1 - 14.10 of the Franchise Agreement.
j. Assignment of contract by us	§ 12.1 of Franchise Agreement	There are no limits on our right to assign the Franchise Agreement.
k. “Transfer” by you - defined	§§ 12.3.1 - 12.3.4 of Franchise Agreement; ¶ 8(a) of Site Selection Agreement	Includes transfer of any interest.
l. Our approval of transfer by you	§ 12.4 of Franchise Agreement; ¶ 8(a) of Site Selection Agreement	We have the right to approve transfers.

Provision	Section in Agreement	Summary
m. Conditions for our approval of transfer	§ 12.4 of Franchise Agreement	Sign release (see Exhibit L in this Disclosure Document), signature of new Franchise Agreement, payment of transfer fee, and others; see §§ 12.4.1 - 12.4.10 of the Franchise Agreement.
n. Our right of first refusal to acquire your business	§ 12.5 of Franchise Agreement	We can match any offer.
o. Our option to purchase your business	§ 14.9 of Franchise Agreement	We have the option, within 30 days of termination or default, to purchase your furnishings, equipment, material, or inventory at cost or fair market value.
p. Death or disability of you	§§ 12.6, 12.7 and 12.8 of Franchise Agreement	Your estate must transfer your interest in the Franchised Business to a third party we have approved, within a year after death or six months after the onset of disability. We may also operate the Restaurant until such time as we determine; for which you must pay us a reasonable management fee.
q. Non-competition covenants during the term of the franchise	§§ 15.1 and 15.2 of Franchise Agreement	Includes prohibition on engaging in any restaurant business which is the same or similar to the Restaurant and others; see §§ 15.1 and 15.2 of the Franchise Agreement.
r. Non-competition covenants after the franchise is terminated or expires	§ 15.3 of Franchise Agreement	Includes a two year prohibition similar to “q” (above), at the Approved Location.
s. Modification of the agreement	§ 21 of Franchise Agreement; ¶ 8(c) of Site Selection Agreement	Must be in writing signed by both parties.

Provision	Section in Agreement	Summary
t. Integration/ merger clause	§ 21 of Franchise Agreement; ¶ 8(c) of Site Selection Agreement	Only the final written terms of the Franchise Agreement are binding (subject to this Disclosure Document). Any representations or promises outside of this Disclosure Document and Franchise Agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	§ 23.3 of Franchise Agreement	Before bringing an action in court, the parties must first submit the dispute to non-binding mediation (except for injunctive relief). (See Note 3)
v. Choice of forum	§ 23.2 of Franchise Agreement	If you file a lawsuit under the Agreement, you must do so in the state and judicial district where we maintain our principal place of business, currently, Frederick, Maryland.
w. Choice of law	§ 23.1 of Franchise Agreement; ¶ 8(b) of Site Selection Agreement	Maryland

Notes:

1. There are state statutes in some states which may supersede the Franchise Agreement in your relationship with us, including the areas of termination and renewal of your franchise.
2. The provision in the Franchise Agreement which provides for termination upon bankruptcy may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).
3. The Franchise Agreement contains a number of provisions that may affect your legal rights, including a waiver of a right to a jury trial, waiver of punitive or exemplary damages, and limitations on when claims may be raised. See Sections 23.6, 23.7 and 23.8 in the Franchise Agreement. We recommend that you carefully review all of these provisions, and the entire contracts, with a lawyer.

Please refer to the disclosure addenda and contractual amendments appended to this Disclosure Document for additional terms that may be required under applicable state law (see Exhibits J and K).

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.

Historical Financial Performance Representation

The following are two historical financial performance representations. The first is based on the past performance of franchisee-owned, and PEI-owned (or company-owned) restaurants, and the second is based solely on the past performance of our company-owned units that are operated by PEI. Please read carefully all of the information in this Item 19, and all of the notes following the data, in conjunction with your review of the historical data.

A. Annual Revenues for Franchisees and Company-Owned Restaurants – 2013

Presented below are the annual revenue figures for our franchised Roy Rogers Restaurants and our PEI-owned (company-owned) Roy Rogers Restaurants in 2013, for those Restaurants that have been operating for at least 12 months, as of December 31, 2013. There were 47 Restaurants that have been open for all of 2013, and their annual revenues are in the chart below.

2013 Annual Revenues			
Average Revenue per Restaurant	Range	Number of Restaurants Above Average	Number of Restaurants Below Average
\$1,607,047	\$331,738 to \$4,560,885	18 (38.3%)	29 (61.7%)

Notes for 19-A:

1. **“Annual Revenue”** – This represents the total gross revenue for each restaurant in the sample for the period December 28, 2012 to December 31, 2013 (which is our 2013 fiscal year), as reported by the franchisees or PEI to us. Included in annual revenue are all revenues from the sale of all products, including all food and beverage products, all merchandise, and other products and services offered at or from each restaurant. This includes the full range of required Roy Rogers menu items, at all day-parts (such as hamburgers, roast beef sandwiches, chicken, side items, beverages, desserts, breakfast sandwiches and platters, etc.). Annual Revenues excludes any customer refunds, sales taxes and/or other taxes collected from customers and actually transmitted to appropriate taxing authorities.

2. **“Average Revenue per Restaurant”** is the total Annual Revenue for the 47 restaurants in the sample, divided by 47.

3. The annual revenue figures are compiled by using sales that are reported to us by franchisees and PEI. We have not audited or verified the reports, nor have franchisees or operators confirmed that their reports are prepared in accordance with generally accepted accounting principles.

4. The data in the chart are for restaurants that were in business for at least 12 months. To avoid any skewing of data due to seasonality, revenues that may be generated from grand opening advertising or promotion, or effects (positive or negative) from start-up operations, the sample includes only restaurants that were operating during all of 2013.

5. Included in the sample are franchised restaurants that are located at motorways in which there may be a more regular or constant flow of potential customers throughout the morning, during the day and until late in the evening each day. Some of these restaurants may have other location-specific factors, or other operating factors that may boost customer traffic and revenues. Some of these restaurants had gross revenues greater than the average annual revenue for the restaurants in chart above.

6. Excluded from the sample were restaurants that did not have a full 12 months of operation, including: (a) one restaurant that closed during part of 2013 for remodeling; (b) one restaurant that closed during 2013; (c) one restaurant that was temporarily closed due to storm damage during 2013; and (d) one restaurant that opened during 2013.

7. The data above does not reflect the costs of sales, costs of goods, operating expenses or other costs or expenses that must be deducted from gross revenue or gross sales to obtain a net income or net profit figure. Franchisees are not required to report this data to us, and we do not have these operating costs for franchisees.

8. You should conduct an independent investigation of the costs and expenses you will or may incur in operating your franchised Roy Rogers Restaurant. Franchisees or former franchisees listed in this disclosure document may be one source of this information. While Part B of this Item 19 includes certain cost data for 21 PEI-owned Roy Rogers Restaurants, and the notes in Part B below describe generally the types of costs and expenses that you will or may incur, you should not rely on or utilize those cost figures as estimates for your operating costs. Franchised Roy Rogers Restaurants operate under the same System and with similar operating procedures and requirements, as that under which the Roy Rogers Restaurants described below operate. However, as discussed in Note 6 below, a franchised Roy Rogers Restaurant will incur certain types of franchise-specific expenses (for example, royalty payments) that the other restaurants did not have.

B. Annual Revenues, Costs of Goods Sold and Labor Cost for Company-Owned Restaurants – 2013

Presented below are certain operating results for the period December 26, 2012 through December 31, 2013, for 21 freestanding Roy Rogers Restaurants owned and operated by our affiliate, PEI. The operating results exclude one free-standing Roy Rogers Restaurant that opened on November 11, 2013. PEI operates on a 52/53 week fiscal year; the fiscal year ended December 31, 2013 contained 53 weeks. The specific operating results reflect mean average revenue, and selected average cost percentages, of these 20 Restaurants.

	Average per Restaurant	Range	Number of Restaurants Above Average	Number of Restaurants Below Average
Annual Revenues	\$1,537,005	\$3,001,093 to \$954,870	8 (38%)	13 (62%)
Cost of Goods (percentage)	32.2%	31.2% to 33.5%	11 (52%)	10 (48%)
Labor Costs (percentage)	30.2%	24.5% to 38.8%	7 (33%)	14 (67%)

Notes for 19-B:

1. The table above represents results from 21 Roy Rogers Restaurants that are owned and operated by PEI. The oldest of the 21 Restaurants was opened in, and has been operated by PEI since, 1980, and the newest Restaurant was opened in 2012. (One Restaurant was opened in the 1970's, but was not acquired by PEI until 1985.) The average age of the Restaurants (under PEI ownership) is 17.5 years. The restaurants are located in Maryland, Virginia, and West Virginia. The 22nd restaurant was opened on November 2013 in Waldorf, MD. The 21 Restaurants included in the above figures range in size from 2,700 to 3,700 square feet, with an average size (including kitchen, serving area and dining room) of 3,500 square feet. On average, each Restaurant also contains seating for 80 customers, and has parking available for 45 vehicles. All 21 Restaurants were open seven days per week, and each Restaurant is open, on average, 112 hours per week. All 21 Restaurants are open for breakfast, lunch and dinner, and 20 of the 21 Restaurants contain a single- window "drive-thru" facility. One does not have any "drive-thru" window and has significantly less parking than the other 20 Restaurants.

2. We do not receive similar cost data from other Restaurants in the System.

3. The averages set forth above were prepared from PEI's internal operating records which, in turn, were prepared in accordance with generally accepted accounting principles. The information presented in this Item 19 has not been audited.

4. The "Annual Revenues" include all revenues from the sale of all products, including all food and beverage products, all merchandise, and other products and services offered at or from each restaurant, including the full range of required Roy Rogers menu items, at all day-parts (such as hamburgers, roast beef sandwiches, chicken, side items, beverages, desserts, breakfast sandwiches, and platters, etc.). Annual Revenues excludes any customer refunds, sales taxes and/or other taxes collected from customers and actually transmitted to appropriate taxing authorities.

5. The average "Cost of Goods" percentage in the chart includes the cost of food, beverages and paper products, as divided by Annual Revenues (less tax and discounts) according to the following formula:

$$\frac{\text{Cost of food, beverages and paper products}}{\text{Annual revenues less sales tax and discounts}}$$

6. The average “Labor Costs” percentage is based upon total wages (including taxes and benefits) for all crewmembers, assistant managers and managers of each Restaurant. On average, each Restaurant employs one full-time manager and 2-3 assistant managers. Benefits include holiday pay, vacation pay, payroll taxes, personal time off and health insurance. These benefits represent an expense to PEI of approximately 5.3% of total sales. Your benefits package to employees may include some, all or none of these expenses. This amount does not include individual compensation to the franchisee. The total amount of salaries for your employees and managers at a particular location will vary according to local wages, the number of employees, and the number of hours that the Restaurant is open for business. You must make labor and wage determinations based on your market, experience, and other factors.

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

8. The information in Chart 19-B includes only PEI operated Restaurants, and not data from franchisee-owned and operated Restaurants because we do not require that our franchisees provide us, and we do not collect from our franchisees, cost of goods sold data or labor cost data for their Restaurants.

Other Notes for this Item 19:

- The information in this Item 19 reflects the aggregate results of 45 individual Roy Rogers Restaurants, 26 of which are franchised restaurants. It should not be considered a representation or guarantee that you will or may achieve any level of revenue, sales, or profits, or that you will experience the same or similar expenses or costs in the operation of your Roy Rogers Restaurant. We do not represent that any franchisee can expect to obtain these results. A new franchisee’s individual financial results may vary and may be lower.

- You are strongly advised to perform an independent investigation of this opportunity to determine whether or not the franchise may be profitable and to consult your attorney, accountant, and other professional advisors before entering into a Franchise Agreement. You should construct your own pro forma cash flow statement, balance sheet, and statement of operations, and make your own financial projections regarding sales, revenues, costs, customer base, and business development for your own Roy Rogers Restaurant.

- **ACTUAL RESULTS VARY FROM FRANCHISEE TO FRANCHISEE AND WE CANNOT ESTIMATE OR PREDICT THE RESULTS THAT YOU MAY EXPERIENCE AS A FRANCHISEE. YOUR INDIVIDUAL FINANCIAL RESULTS ARE LIKELY TO DIFFER FROM THE RESULTS SHOWN IN THE CHARTS.** Your results will be effected by factors such as prevailing economic or market area conditions, demographics, geographic location, interest rates, your capitalization level, the amount and terms of any financing that you may secure, the property values and

lease rates, your business and management skills, staff strengths and weaknesses, and the cost and effectiveness of your marketing activities.

- Other than the preceding financial performance representation, we do not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to our management by contacting Jim Plamondon, our Co-President, Roy Rogers Franchise Company, LLC, 4991 New Design Road, Suite 109, Frederick, Maryland 21703, (301) 695-5051, the Federal Trade Commission and the appropriate state regulatory agencies.

- Written substantiation of the data used in preparing these financial performance representations will be made available to a prospective franchisee upon reasonable request.

[Remainder of this page left intentionally blank.]

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
Systemwide Outlet Summary
For years 2011 to 2013

(Please review this table in conjunction with the notes that follow.)

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2011	29	30	+1
	2012	30	29	-1
	2013	29	28	-1
Company-Owned (See Note 1 below.)	2011	18	20	+2
	2012	20	21	+1
	2013	21	22	+1
Total Outlets	2011	47	50	+3
	2012	50	50	0
	2013	50	50	0

Notes:

- (1) These company-owned outlets are the 22 Restaurants operated by our affiliate PEI.

Table No. 2
Transfers of Outlets from Franchisees to New Owners (Other than the Franchisor)
For years 2011 to 2013

State	Year	Number of Transfers
Virginia	2011	0
	2012	0
	2013	3
Total	2011	0
	2012	0
	2013	3

Notes:

- (1) There has been no franchise-related activity to report in any states not listed above. .

Table No. 3
Status of Franchised Outlets
For years 2011 to 2013
(Please review this table in conjunction with the notes that follow.)

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
Conn	2011	1	0	1	0	0	0	0
	2012	0	0	0	0	0	0	0
	2013	0	0	0	0	0	0	0
Maryland	2011	2	0	0	0	0	0	2
	2012	2	1	0	0	0	1	2
	2013	2	0	0	0	0	0	2
Mass	2011	1	0	0	0	0	0	1
	2012	1	0	0	0	0	0	1
	2013	1	0	0	0	0	1	0
New Jersey	2011	6	3	0	0	0	0	9
	2012	9	0	0	0	0	0	9
	2013	9	0	0	0	0	0	9
New York	2011	8	0	0	0	0	0	8
	2012	8	0	0	0	0	0	8
	2013	8	0	0	0	0	0	8
Ohio	2011	1	0	0	0	0	0	1
	2012	1	0	1	0	0	0	0
	2013	0	0	0	0	0	0	0
Penn	2011	6	0	1	0	0	0	5
	2012	5	0	0	0	0	0	5
	2013	5	0	0	0	0	0	5
Virginia	2011	4	0	0	0	0	0	4
	2012	4	0	0	0	0	0	4
	2013	4	0	0	0	0	0	4

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
Total	2011	29	3	2	0	0	0	30
	2012	30	1	1	0	0	1	29
	2013	29	0	0	0	0	1	28

Notes:

- (1) Our fiscal year-ends were December 27, 2011 December 25, 2012, and December 31, 2013, respectively.
- (2) There has been no franchise related activity in the states that are not listed above.

Table No. 4
Status of Company-Owned Outlets
For years 2011 to 2013

State	Year	Outlets at Start of the Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
Maryland	2011	15	0	0	0	0	15
	2012	15	1	0	0	0	16
	2013	16	1	0	0	0	17
Virginia	2011	2	2	0	0	0	4
	2012	4	0	0	0	0	4
	2013	4	0	0	0	0	4
West Virginia	2011	1	0	0	0	0	1
	2012	1	0	0	0	0	1
	2013	1	0	0	0	0	1
Total	2011	18	2	0	0	0	20
	2012	20	1	0	0	0	21
	2013	21	1	0	0	0	22

Table No. 5
Projected Openings As of December 31, 2013

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

The names, addresses, and telephone numbers of our franchisees (including prospective franchisees who have signed a Site Selection Agreement but have not (as of the end of the fiscal year) executed a Franchise Agreement) are listed in **Exhibit E**. The name, last known city and state, and last known telephone number of every one of our franchisees who had an agreement terminated, canceled, not renewed, or who otherwise voluntarily or involuntarily ceased to do business under a Franchise Agreement during our last fiscal year, or who has not communicated with us within ten weeks of the date of this Disclosure Document are also listed in **Exhibit F**. A list of our company-owned outlets operated by our affiliate PEI is attached to this Disclosure Document in **Exhibit G**.

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

There are no currently effective confidentiality agreements between us and any former or current franchisee.

We do not know of any trademark-specific franchisee organization associated with the franchise system being offered. No independent franchisee organization has asked to be included in this Disclosure Document.

ITEM 21
FINANCIAL STATEMENTS

We have attached to this Disclosure Document as **Exhibit H** an audited balance sheet for Roy Rogers Franchise Company, LLC as of December 31, 2013, December 25, 2012, and December 27, 2011, and the related statements of operations, members' equity (deficit), and cash flows for the fiscal years then ended.

ITEM 22
CONTRACTS

The following contracts are attached to this Disclosure Document:

1. Franchise Agreement (Exhibit A).
2. Site Selection Agreement (Exhibit B).
3. Confidentiality and Non-Disclosure Agreement (for review of Manuals) (Exhibit I).
4. General Release (Exhibit L).

ITEM 23
RECEIPTS

The last two pages of this Disclosure Document (**Exhibit N**) are identical pages acknowledging receipt of this entire document (including the exhibits). Please sign and return to us one copy; please keep the other copy along with this Disclosure Document.

Exhibit A

Franchise Agreement



ROY ROGERS

FRANCHISE AGREEMENT

TABLE OF CONTENTS

<u>Section</u>	<u>Title</u>	<u>Page #</u>
	RECITALS	1
1.	GRANT	2
2.	TERM AND RENEWAL	3
3.	FRANCHISOR'S DUTIES	5
4.	ROYALTY FEES; SALES REPORTING	6
5.	FRANCHISEE'S DUTIES	8
6.	PROPRIETARY MARKS	18
7.	CONFIDENTIAL OPERATING MANUALS	21
8.	CONFIDENTIAL INFORMATION	21
9.	ACCOUNTING AND RECORDS	22
10.	MARKETING AND ADVERTISING	23
11.	INSURANCE.....	28
12.	TRANSFER OF INTEREST	31
13.	DEFAULT AND TERMINATION.....	36
14.	OBLIGATIONS UPON TERMINATION OR EXPIRATION	39
15.	COVENANTS	41
16.	TAXES, PERMITS, AND INDEBTEDNESS	43
17.	INDEPENDENT CONTRACTOR AND INDEMNIFICATION	44
18.	FORCE MAJEURE	45
19.	APPROVALS AND WAIVERS	45
20.	NOTICES.....	46
21.	ENTIRE AGREEMENT AND AMENDMENT	46
22.	SEVERABILITY AND CONSTRUCTION	46
23.	APPLICABLE LAW AND DISPUTE RESOLUTION.....	47
24.	ACKNOWLEDGMENTS	49

Exhibits:

- A Approved Location and Territory
- B Guarantee, Indemnification and Acknowledgement
- C List of Principals
- D EFT Authorization Form
- E ADA Certification
- F Lease Rider
- G Non-Disclosure and Non-Competition Agreement

ROY ROGERS

FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (the “**Agreement**”) is made and entered into on this _____ day of _____, 20____ (the “**Effective Date**”), by and between:

- Roy Rogers Franchise Company, LLC a Maryland limited liability company whose principal place of business is 4991 New Design Road, Suite 109, Frederick, MD 21703 (“**Franchisor**”); and
- _____ a [resident of] [corporation organized in] [limited liability company organized in] _____ and having offices at _____ (“**Franchisee**”).

BACKGROUND:

A. Franchisor owns a format and system (the “**System**”) relating to the establishment and operation of quick service restaurant businesses operating in buildings that bear Franchisor’s interior and exterior trade dress, under the “Roy Rogers” name and marks, which specialize in the sale of roast beef sandwiches, on-the-bone fried chicken, a variety of other hamburgers and sandwiches, side orders, desserts, breakfast items, soft drinks and beverage items, special limited time offer menu items, and such additional products as Franchisor may designate from time to time for on-premises, “drive-thru” and carry-out consumption, and includes the use of a “Fixin’s Bar” to dispense condiments for sandwiches and other food items (the “**Roy Rogers Restaurants**”);

B. The distinguishing characteristics of the System include, without limitation, a specially-designed building or facility for restaurant operations, with specially developed equipment, equipment layouts, and signage; distinctive interior and exterior design, trade dress and accessories; specialized products, and procedures for operations; quality and uniformity of products and services offered; procedures for management and inventory control; training and assistance; and advertising and promotional programs; all of which may be changed, improved, and further developed by Franchisor from time to time;

C. Franchisor identifies the System by means of certain trade names, service marks, trademarks, logos, emblems, and indicia of origin, including but not limited to the mark “Roy Rogers”, and such other trade names, service marks, and trademarks as are now designated (and may hereinafter be designated by Franchisor in writing) for use in connection with the System (the “**Proprietary Marks**”);

D. Franchisor continues to develop, use, and control the use of such Proprietary Marks in order to identify for the public the source of services and products marketed thereunder and under the System, and to represent the System’s high standards of quality, appearance, and service;

E. Franchisee desires to enter into the business of operating a Roy Rogers Restaurant under the System, wishes to utilize the Proprietary Marks and wishes to obtain a franchise from Franchisor for that purpose, as well as to receive the training and other assistance provided by Franchisor in connection therewith; and

F. Franchisee understands and acknowledges the importance of Franchisor's high standards of quality, cleanliness, appearance, and service and the necessity of operating the business franchised hereunder in conformity with Franchisor's standards and specifications.

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

1. GRANT

1.1 Grant of Rights. Upon the terms and conditions set forth in this Agreement, Franchisor hereby grants to Franchisee the right and franchise, and Franchisee accepts and undertakes the obligation, to: (a) operate one (1) Roy Rogers Restaurant under the System (the "**Restaurant**"); (b) to use, only in connection with the Restaurant, the Proprietary Marks and the System, as they may be changed, improved, or further developed from time to time by Franchisor; and (c) and to do so only at the location specified in Exhibit A (the "**Approved Location**"), which has been specified prior to entering into this Agreement either in accordance with the terms of a site selection agreement between Franchisor and Franchisee (a "**Site Selection Agreement**"), or has otherwise been approved by Franchisor. Franchisee shall not relocate the Restaurant without Franchisor's prior written consent. Franchisor's approval of the Approved Location under this Section 1.1 does not constitute an assurance, representation, or warranty of any kind, express or implied, as to the suitability of the Approved Location for the Restaurant or for any other purpose. Franchisor shall not be responsible for the failure of the Approved Location to meet Franchisee's expectations for the Restaurant as to revenue or operational criteria. Franchisee further acknowledges and agrees that its acceptance of a franchise for the operation of the Restaurant at the Approved Location is based on its own independent investigation of the suitability of the site. In connection with Franchisor's consent to the Approved Location, Franchisee shall execute, and cause the landlord to execute, the Lease Rider appended hereto as Exhibit F.

1.2 Territory. During the term of this Agreement, Franchisor shall not establish, nor license any other person to establish, another Roy Rogers Restaurant at any location within the geographic area (the "**Territory**") defined in Exhibit A, except as otherwise provided in this Agreement. Franchisor retains all other rights, and may, among other things, on any terms and conditions Franchisor deems advisable, and without granting Franchisee any rights therein:

1.2.1 to establish, and license others to establish, Roy Rogers Restaurants at any location outside the Territory notwithstanding their proximity to the Territory or the Approved Location or their actual or threatened impact on sales at Franchisee's Restaurant;

1.2.2 to establish, and license others to establish, Roy Rogers Restaurants at any institutional or captive audience facilities, including, without limitation, military bases, public transportation facilities, government offices or institutions, educational institutions, health care facilities, toll road or highway rest stops, parks, stadiums, malls, museums, art centers, contract or institutional food service operators, in theaters, warehouse clubs, theme parks, amusement centers, truck stops, or casinos (“**Institutional Facilities**”) within or outside the Territory, notwithstanding such Roy Rogers Restaurants’ proximity to the Approved Location or their actual or threatened impact on sales at Franchisee’s Restaurant;

1.2.3 to establish, acquire or operate, or license others to establish and operate, restaurants or stores under other systems or other proprietary marks, which restaurants or stores may offer or sell products or services that are the same as, similar to, or different from the products and services offered from the Restaurant, and which restaurants or stores may be located within or outside the Territory, notwithstanding such stores’ proximity to the Approved Location or their actual or threatened impact on sales at Franchisee’s Restaurant; and

1.2.4 to sell and distribute, directly or indirectly, or license others to sell and distribute, directly or indirectly, any products, services or merchandise, from any location or to any purchaser (including, but not limited, to sales made at retail locations, supermarkets, gourmet shops, mail order, and on the Internet), so long as such sales are not conducted from a Roy Rogers Restaurant operated from a location inside the Territory (excluding an Institutional Facility).

1.3 Advertising and Promotional Materials. Franchisor and Franchisee acknowledge that advertising and promotional materials created, placed, and/or distributed by Franchisor, other franchisees operating under the System, or other entities authorized by Franchisor, may appear in media distributed in, or may be directed to prospective customers located within, the Territory, including on Franchisor’s website or any related website.

1.4 Sale of Products and Services. Unless otherwise permitted by Franchisor, Franchisee shall offer and sell products only from the Restaurant, only in accordance with the requirements of this Agreement and the procedures set forth in the Manuals, and only to retail customers for consumption on the Restaurant’s premises, for personal, “drive-thru” and carry-out consumption. Franchisee shall not market or promote any products or services outside the Territory. Franchisee shall not offer or sell products or services authorized under this Agreement through any other means, including without limitation through catering, satellite locations, temporary locations, carts or kiosks, the Internet, or through any electronic media, without Franchisor’s prior written approval.

2. TERM AND RENEWAL

2.1 Term. Except as otherwise provided herein, the initial term of this Agreement shall expire fifteen (15) years from the Effective Date, unless sooner terminated in accordance with the provisions hereof.

2.2 Renewal. Franchisee may, at its option, renew Franchisee's right to operate the Restaurant for two (2) additional terms of five (5) years each, subject to the following conditions, each of which must be met prior to each renewal:

2.2.1 Franchisee shall present evidence to Franchisor that Franchisee has the right to remain in possession of the premises of the Restaurant for the duration of the renewal term, or shall obtain approval by Franchisor of a new location for the Restaurant for the duration of the renewal term.

2.2.2 Franchisee shall give Franchisor written notice of Franchisee's election to renew no fewer than six (6) months nor more than twelve (12) months prior to the end of the initial term and the first (1st) renewal term;

2.2.3 Franchisee shall remodel and refurbish the Restaurant to comply with the Franchisor's then-current standards in effect for new Roy Rogers Restaurants as described in Section 5.10 below;

2.2.4 Franchisee shall not be in default of any provision of this Agreement, any amendment to this Agreement, any successor to this Agreement, or any other agreement between Franchisee and Franchisor or its subsidiaries and affiliates; and, in the reasonable judgment of Franchisor, Franchisee shall have substantially complied with all the terms and conditions of this Agreement, such other agreements, as well as the operating standards prescribed by Franchisor during the term of this Agreement;

2.2.5 Franchisee shall have satisfied all monetary obligations owed by Franchisee to Franchisor and its subsidiaries and affiliates, and to the Marketing Fund (defined below), and shall have timely met those obligations throughout the term of this Agreement;

2.2.6 Franchisee shall execute Franchisor's then-current form of franchise agreement, which agreement shall supersede this Agreement in all respects (except with respect to the renewal provisions of the new franchise agreement, which shall not supersede this Section 2, and except for the initial franchise fee which may be due under the new franchise agreement), and Franchisee acknowledges that the terms, conditions, and provisions of which, and the obligations of the parties thereto, may differ substantially from the terms, conditions, provisions and obligations in this Agreement, including, without limitation, a higher percentage royalty fee and marketing contribution, and a different or modified Territory;

2.2.7 Franchisee shall execute a general release, in a form prescribed by Franchisor, of any and all claims against Franchisor and its subsidiaries and affiliates, and their respective officers, directors, agents, and employees;

2.2.8 Franchisee and its personnel shall comply with Franchisor's then-current qualification and training requirements; and

2.2.9 Franchisee shall pay Franchisor, in lieu of an initial fee under the franchise agreement, a renewal fee in an amount equal to Five Thousand Dollars (\$5,000) for each five (5) year renewal term.

3. FRANCHISOR'S DUTIES

3.1 Initial and On-Going Assistance. Prior to the date of opening of the Restaurant, Franchisor shall provide to Franchisee, and to Franchisee's Highly Trained Personnel (as defined in Section 5.5.1 below), such training programs as Franchisor may designate, to be conducted at such time(s) and location(s) designated by Franchisor. Franchisor shall provide an initial training program that may be, at Franchisor's discretion, up to ten (10) weeks in length, although such training may not be provided over ten (10) consecutive weeks. As part of the initial training program, if the Restaurant is Franchisee's first (1st) Roy Rogers Restaurant, Franchisor shall provide Franchisee with a minimum of seven (7) days on-site assistance at the Restaurant during the opening of the Restaurant. If the Restaurant is Franchisee's second (2nd) or additional Roy Rogers Restaurant, Franchisor shall provide Franchisee with a minimum of three (3) days on-site assistance at the Restaurant during the opening of the Restaurant. Franchisor shall also provide such ongoing training as it may, from time to time, deem appropriate. Franchisor shall be responsible for the cost of instruction and materials (except as set forth in Section 5.5.3 below), subject to the terms set forth in Sections 5.5 and 5.6 below.

3.2 Development of the Restaurant. Franchisor shall make available, at no charge to Franchisee, prototype architectural plans and specifications for the construction of a Restaurant and for the exterior and interior design and layout, fixtures, furnishings, equipment, and signs. Franchisee acknowledges that such specifications shall not contain the requirements of any federal, state or local law, code or regulation (including without limitation those concerning the Americans with Disabilities Act (the "ADA") or similar rules governing public accommodations or commercial facilities for persons with disabilities), nor shall such plans contain the requirements of, or be used for, construction drawings or other documentation necessary to obtain permits or authorization to build a specific Restaurant, compliance with all of which shall be Franchisee's responsibility and at Franchisee's expense. Franchisee shall adapt, at Franchisee's expense, the standard specifications to the Restaurant location, subject to Franchisor's approval, as provided in Section 5.2.1 below, which will not be unreasonably withheld, provided that such plans and specifications conform to Franchisor's general criteria. Franchisee understands and acknowledges that Franchisor has the right to modify the prototype architectural plans and specifications as Franchisor deems appropriate from time to time (however Franchisor will not modify the prototype architectural plans and specifications for the Restaurant developed pursuant to this Agreement once those prototype architectural plans and specifications have been given to Franchisee).

3.3 Opening Assistance. Franchisor shall have the right (but not the obligation) to provide a representative to be present at the opening of the Restaurant. Franchisor will provide such additional on-site pre-opening and opening supervision and assistance as Franchisor deems advisable.

3.4 Manuals. Franchisor shall provide Franchisee with access to the confidential operations manuals (the “**Manuals**”), as more fully described in Section 7 below.

3.5 Advertising and Promotion. Franchisor shall review and shall have the right to approve or disapprove all advertising and promotional materials that Franchisee proposes to use, pursuant to Section 10 below.

3.6 Marketing Fund. Franchisor shall administer the Marketing Fund in the manner set forth in Section 10 below.

3.7 Grand Opening Marketing Program. Franchisor shall assist Franchisee in developing and conducting the Grand Opening Marketing Program (as described in Section 10.9 below), which program shall be conducted at Franchisee’s expense.

3.8 Computer System. Franchisor shall have the right to specify or require that certain brands, types, makes, and/or models of communications, computer systems, computer software, and hardware to be used by, between, or among Roy Rogers Restaurants, including without limitation: (a) back office and point of sale (POS) systems, data, audio, video, and voice storage, retrieval, and transmission systems for use at Franchisee’s Restaurant, between or among Roy Rogers Restaurants, and between and among Franchisee’s Restaurant and Franchisor and/or Franchisee; (b) physical, electronic, and other security systems; (c) printers and other peripheral devices; (d) archival back-up systems; and (e) high speed internet access mode and email capabilities (collectively, the “**Computer System**”). Franchisor reserves the right to require Franchisee to purchase and utilize certain computer software in connection with the Computer System, for which Franchisee may be required to pay licensing fees; provided, however, that the fees for such software shall not exceed Ten Thousand Dollars (\$10,000) as a one-time licensing fee.

3.9 Inspection. Franchisor shall inspect the Restaurant prior to the opening of the Restaurant. Franchisee shall not commence operation of the Restaurant without Franchisor’s prior written approval.

3.10 On-Going Assistance. Franchisor will provide periodic assistance to Franchisee in the marketing, management, and operation of the Restaurant as Franchisor determines at the time(s) and in the manner determined by Franchisor.

3.11 Delegation of Duties. Franchisee acknowledges and agrees that any designee, employee, or agent of Franchisor may perform any duty or obligation imposed on Franchisor by the Agreement, as Franchisor may direct.

4. ROYALTY FEES; SALES REPORTING

4.1 Initial Franchise Fee. Franchisee shall pay Franchisor an initial franchise fee of Thirty Thousand Dollars (\$30,000) (the “**Initial Franchise Fee**”), which must be paid in full prior to or upon execution of this Agreement. If Franchisee has entered into a Site Selection Agreement, Ten Thousand Dollars (\$10,000) of the Initial Franchise Fee shall have been paid at

the time Franchisee entered into the Site Selection Agreement, and the remaining Twenty Thousand Dollars (\$20,000) of the Initial Franchise Fee shall be paid upon execution of this Agreement. If, as described in the Site Selection Agreement, Franchisee is unable to locate a site for the Approved Location, Franchisor shall refund to Franchisee the portion of the Initial Franchise Fee already paid to Franchisor, less the amount of Two Thousand Dollars (\$2,000). Except as otherwise provided in this Section 4.1, payment of the Initial Franchise Fee shall be non-refundable in consideration of administrative and other expenses incurred by Franchisor in granting this franchise and for Franchisor's lost or deferred opportunity to franchise others.

4.2 Royalty Fees. For each Month during the term of this Agreement, or such other period as Franchisor may determine, Franchisee shall: (a) pay Franchisor a continuing royalty fee in an amount equal to five percent (5%) of the Gross Sales of the Restaurant ("**Royalty Fees**"); and (b) report to Franchisor in writing (or electronically) its Gross Sales (a "**Sales Report**"). As used in this Agreement, the following terms shall have the following meanings:

4.2.1 The term "**Gross Sales**" means all revenue from the sale of all products, including all food and beverage products, all merchandise, and all other products or services offered at or from the Restaurant, and all other income of every kind and nature related to, derived from, or originating from the Restaurant, including revenue from ATMs, and proceeds of any business interruption insurance policies, whether at retail or wholesale (whether such sales are permitted or not), whether for cash, check, or credit, and regardless of collection in the case of check or credit; provided, however, that "Gross Sales" excludes any customer refunds, coupon sales, sales taxes, and/or other taxes collected from customers by Franchisee and actually transmitted to the appropriate taxing authorities. Franchisor reserves the right to modify its policies and practices regarding revenue recognition, revenue reporting, and the inclusion or exclusion of certain revenue from "Gross Sales" as circumstances, business practices, and technology change. For example, and by way of illustration and not limitation, in the event new technologies and practices, such as "Groupon," "Living Social" and other "deal-of-the-day" discounts, generate revenue for the Restaurant that may not be associated with a particular sale of products, Franchisor may establish policies to identify which revenues are, and are not, part of Gross Sales.

4.2.2 The term "**Month**" shall mean a calendar month or such other period of time as Franchisor may designate; provided, however, that Franchisor shall not designate more than thirteen (13) periods during each calendar year as a "Month."

4.3 Payments. All payments required by Section 4.2 above and Section 10 below based on the Gross Sales for the preceding Month, and the Sales Report required by Section 4.2 for the Gross Sales for the preceding Month, shall be paid and submitted so as to be received by Franchisor by the tenth (10th) business day of each Month. Franchisee shall deliver to Franchisor any and all reports, statements and/or other information required under Section 9.3 below, at the time and in the format reasonably requested by Franchisor. If requested by Franchisor, Franchisee shall establish an arrangement for electronic funds transfer or deposit of any payments required under Sections 4 or 10. Franchisee shall execute Franchisor's current form of "Authorization Agreement for Prearranged Payments (Direct Debits)," a copy of which is

attached to this Agreement as Exhibit D, and Franchisee shall comply with the payment and reporting procedures specified by Franchisor in the Manual. If Franchisee makes any payments to Franchisor under this Agreement by check, and such check is returned to Franchisee without having made payment to Franchisor, or if there are insufficient funds in Franchisee's account to complete the required electronic funds transfer or deposit, then Franchisor shall have the right to charge Franchisee a fee of One Hundred Dollars (\$100) for each such returned check, and/or each instance of insufficient funds. Franchisee expressly acknowledges and agrees that Franchisee's obligations for the full and timely payment of Royalty Fees and Marketing Contributions (and all other amounts provided for in this Agreement) shall be absolute, unconditional, fully earned, and due upon Franchisee's generation of Gross Sales. Franchisee shall not for any reason delay or withhold the payment of all or any part of those or any other payments due hereunder, put the same in escrow or set-off same against any claims or alleged claims Franchisee may allege against Franchisor, the Marketing Fund, or others. Franchisee shall not, on grounds of any alleged non-performance by Franchisor or others, withhold payment of any fee, including without limitation Royalty Fees or Marketing Contributions, nor withhold or delay submission of any reports due hereunder including but not limited to Sales Reports.

4.4 No Subordination. Franchisee shall not subordinate to any other obligation its obligation to pay Franchisor the royalty fee and/or any other fee or charge payable to Franchisor, whether under this Agreement or otherwise.

4.5 Overdue Payments. Any payment or report not actually received by Franchisor (or the appropriate marketing fund) on or before such date shall be deemed overdue. If any payment is overdue, Franchisee shall pay Franchisor, in addition to the overdue amount, interest on such amount from the date it was due until paid, at the rate of one and one-half percent (1.5%) per month, or the maximum rate permitted by law, whichever is less. Entitlement to such interest shall be in addition to any other remedies Franchisor may have.

4.6 Payments on Behalf of Franchisee. Franchisee shall pay to Franchisor, within fifteen (15) days of any written request by Franchisor which is accompanied by reasonable substantiating material, any monies which Franchisor has paid, or has become obligated to pay, on behalf of Franchisee, by consent or otherwise under this Agreement.

5. FRANCHISEE'S DUTIES

5.1 System Standards. Franchisee understands and acknowledges that every detail of the Restaurant is important to Franchisee, Franchisor, and other franchisees in order to develop and maintain high operating standards, to increase the demand for the products sold by all franchisees, and to protect Franchisor's reputation and goodwill.

5.2 Pre-Opening Obligations. Before commencing any construction of the Restaurant, Franchisee, at its expense, shall comply, to Franchisor's satisfaction, with all of the following requirements:

5.2.1 Franchisee shall employ a qualified, licensed architect or engineer who is reasonably acceptable to Franchisor to prepare, for Franchisor's approval, preliminary plans and specifications for site improvement and construction of the Restaurant based upon prototype design and image specifications furnished by Franchisor in the Manual, and as may otherwise be authorized by Franchisor due to the particularities of the site of the Approved Location. Franchisor's approval shall be limited to conformance with Franchisor's standard image specifications and layout and shall not relate to Franchisee's obligations with respect to any federal, state and local laws, codes and regulations including, without limitation, the applicable provisions of the ADA regarding the construction, design and operation of the Restaurant, which subjects shall be Franchisee's sole responsibility.

5.2.2 Franchisee shall comply with all federal, state and local laws, codes and regulations, including, without limitation, the applicable provisions of the ADA regarding the construction, design and operation of the Restaurant. If Franchisee receives any complaint, claim, or other notice alleging a failure to comply with the ADA, Franchisee agrees that it shall provide Franchisor with a copy of such notice within five (5) days after receipt thereof.

5.2.3 Franchisee shall be responsible for obtaining all zoning classifications and clearances which may be required by state or local laws, ordinances, or regulations or which may be necessary or advisable owing to any restrictive covenants relating to Franchisee's location. After having obtained such approvals and clearances, Franchisee shall submit to Franchisor, for Franchisor's approval, final plans for construction based upon the preliminary plans and specifications. Franchisor's review and approval of plans shall be limited to review of such plans to assess compliance with Franchisor's design standards for Restaurants, including such items as trade dress, presentation of Proprietary Marks, and the provision to the potential customer of certain products and services that are central to the functioning of Restaurants. Franchisor shall not review nor shall any approval be deemed to include Franchisee's compliance with federal, state, or local laws and regulations, including the ADA, and Franchisee acknowledges and agrees that compliance with such laws is and shall be Franchisee's sole responsibility. Once approved by Franchisor, such final plans shall not thereafter be changed or modified without the prior written permission of Franchisor. Any such change made without Franchisor's prior written permission shall constitute a material default under this Agreement and Franchisor may withhold its authorization to open the Restaurant for business until the unauthorized change is rectified (or reversed) to Franchisor's reasonable satisfaction.

5.2.4 Franchisee shall obtain all permits and certifications required for the lawful construction and operation of the Restaurant and shall certify in writing to Franchisor that all such permits and certifications have been obtained.

5.2.5 Franchisee shall employ a qualified licensed general contractor who is reasonably acceptable to Franchisor to construct the Restaurant and to complete all improvements. Franchisee shall obtain and maintain in force during the entire period of construction the insurance required under Section 11 below; and Franchisee shall deliver to Franchisor such proof of such insurance as Franchisor shall require.

5.3 Development of the Restaurant. Franchisee shall construct, furnish, and open the Restaurant according to the requirements contained herein, and Franchisee shall open the Restaurant not later than one (1) year from the Effective Date. Time is of the essence. Prior to opening for business, Franchisee shall comply with all pre-opening requirements set forth in this Agreement (including without limitation those with respect to the Grand Opening Marketing Program), the Manuals, and/or elsewhere in writing by Franchisor. Within thirty (30) days of the opening of the Restaurant, Franchisee shall provide to Franchisor a full breakdown of all costs associated with the development and construction of the Restaurant in such form as Franchisor may reasonably require. Additionally, prior to opening the Restaurant, and after any renovation, Franchisee shall execute and deliver to Franchisor an ADA Certification in the form attached to this Agreement as Exhibit E, to certify to Franchisor that the Restaurant and any proposed renovations comply with the ADA.

5.4 Restaurant Opening. In connection with the opening of the Restaurant:

5.4.1 Franchisee shall conduct, at Franchisee's expense, such grand opening promotional and advertising activities as Franchisor may require, as set forth in Section 10 below.

5.4.2 Franchisee shall provide at least thirty (30) days' prior notice to Franchisor of the date on which Franchisee proposes to first open the Restaurant for business. Franchisor reserves the right to require the on-site presence of a representative of Franchisor at the opening of the Restaurant, and if so required, the Restaurant may not open without such representative in attendance; provided, however, that such requirement will not unreasonably delay the opening of the Restaurant.

5.4.3 Franchisee shall not open the Restaurant until Franchisor has determined that all construction has been substantially completed, and that such construction conforms to Franchisor's standards including, but not limited, to materials, quality of work, signage, decor, paint, and equipment, and Franchisor has given Franchisee written approval to open, which approval shall not be unreasonably withheld.

5.4.4 Franchisee shall not open the Restaurant until the Operating Partner (defined in Section 5.5) and Restaurant Manager (as defined in Section 5.5) have successfully completed all training required by Franchisor, and Franchisee has hired and trained to Franchisor's standards a sufficient number of employees to service the anticipated level of the Restaurant's customers.

5.4.5 In addition, Franchisee shall not open the Restaurant until all amounts due to Franchisor under this Agreement or any other related agreements have been paid.

5.5 Training. Prior to the opening of the Restaurant, Franchisee (or, if Franchisee is a corporation, partnership, limited liability company, or limited liability partnership, one of Franchisee's principals who is designated to supervise the operation of the Restaurant and who has been previously approved by Franchisor (the "**Operating Partner**")), and at least three (3),

but no more than four (4), of Franchisee's employees who will be responsible for the operation and management of the Restaurant with such individuals or job titles or areas of responsibility designated by Franchisor in the Manuals or otherwise in writing (the "**Highly Trained Personnel**"), shall attend and successfully complete, to Franchisor's satisfaction, the initial training program offered by Franchisor, pursuant to Section 3.1 above. The Restaurant shall also be under the active full-time management of either Franchisee or the Operating Partner who has successfully completed (to Franchisor's satisfaction) Franchisor's initial training program. For the purposes of this Section 5.5, the Operating Partner must be a person who has an ownership interest in Franchisee, and who has executed the Guarantee, Indemnification and Acknowledgement appended to this Agreement as Exhibit B.

5.5.1 If any of the Highly Trained Personnel cease active management or employment at the Restaurant, Franchisee shall enroll a qualified replacement (who shall be reasonably acceptable to Franchisor) in Franchisor's initial training program not more than thirty (30) days after the cessation of the former person's full-time employment and/or management responsibilities. The replacement shall attend and successfully complete the basic management training program, to Franchisor's reasonable satisfaction, as soon as it is practical to do so.

5.5.2 The Highly Trained Personnel may also be required to attend such refresher courses, seminars, and other training programs as Franchisor may reasonably specify from time to time, including up to ten (10) days of refresher programs each year during the term of the Agreement. In addition, Franchisee or such of the Highly Trained Personnel as Franchisor may require, may be required to attend Franchisor's annual convention for up to three (3) days per year.

5.5.3 The cost of all training (instruction and required materials) shall be borne by Franchisor. All other expenses incurred in connection with training and, if required, attendance at Franchisor's annual convention, including without limitation the costs of transportation, lodging, meals, wages, and worker's compensation insurance, shall be borne by Franchisee.

5.5.4 If Franchisee requests that Franchisor provide on-site training in addition to that described in Section 3.1 above, and Franchisor is able to do so, then Franchisee agrees that it shall pay Franchisor's then-current per diem charges and out-of-pocket expenses, which shall be as set forth in the Manual or otherwise in writing.

5.6 Restaurant Premises. Franchisee shall use the Restaurant premises solely for the operation of the Restaurant; shall keep the Restaurant open and in normal operation for such hours and days as Franchisor may from time to time specify in the Manuals or as Franchisor may otherwise approve in writing; and shall refrain from using or permitting the use of the Restaurant premises for any other purpose or activity at any time. As used in this Section 5.6, the term "premises" shall include the grounds surrounding the Restaurant.

5.7 Personnel. Franchisee agrees to maintain a competent, conscientious, trained staff in numbers sufficient to promptly service customers, including at least one (1) manager on duty

at all times and to take such steps as are necessary to ensure that its employees preserve good customer relations and comply with such dress code as Franchisor may prescribe. Franchisee shall ensure that each of its Highly Trained Personnel obtain and maintain such food sanitation permits, certifications, or licenses for the operation of the Restaurant as Franchisor may specify from time to time in the Manuals or otherwise in writing. Franchisor shall have the right to require Franchisee to employ one or more district managers (who shall be individuals reasonably acceptable to Franchisor) to supervise the day to day operations of Franchisee's restaurants, if Franchisee (and/or an affiliate of Franchisee) operates more than one (1) Roy Rogers Restaurant. Any such district managers shall be required to attend and successfully complete the training courses specified in Section 5.5 above.

5.8 Health Standards. Franchisee shall meet and maintain the highest health standards and ratings applicable to the operation of the Restaurant. Franchisee shall furnish to Franchisor, within five (5) days after receipt thereof, a copy of all inspection reports, warnings, citations, certificates, and/or ratings resulting from inspections conducted by any federal, state or municipal agency with jurisdiction over the Restaurant.

5.9 Restaurant Maintenance. Franchisee shall at all times maintain the Restaurant in a high degree of sanitation, repair, and condition, and in connection therewith shall make such additions, alterations, repairs, and replacements thereto (but no others without Franchisor's prior written consent) as may be required for that purpose, including, without limitation, such periodic repainting or replacement of obsolete signs, furnishings, equipment, and decor as Franchisor may reasonably direct.

5.10 Remodeling. In addition to the maintenance obligations set forth in Section 5.9, Franchisee shall undertake such periodic and ongoing remodeling and upgrading of the Restaurant, the Restaurant premises, and the furniture, fixtures, equipment, décor, signage and trade dress of the Restaurant, as required by Franchisor in the Manuals or otherwise in writing. Without limiting the foregoing, not sooner than one (1) year after the date upon which the Restaurant opens for business, and again as a pre-condition to renewal pursuant to Section 2.2.2 above, Franchisee shall refurbish the Restaurant at its expense to conform to the building design, exterior facade, trade dress, signage, furnishings, decor, color schemes, and presentation of the Proprietary Marks in a manner consistent with the image then in effect for new Restaurants, including without limitation remodeling, redecoration, and modifications to existing improvements, as Franchisor may require in writing (collectively, "**Facilities Remodeling**").

5.10.1 Franchisee shall be required to engage in Facilities Remodeling once every seven (7) years during the term of this Agreement; provided, however, that Franchisor may require Facilities Remodeling more often if such Facilities Remodeling is required as a pre-condition to renewal as described in Section 2.2.2 above.

5.10.2 The limitation on the frequency or scope of Facilities Remodeling shall not include repair to, or the normal upkeep of, the Restaurant, nor shall it include Equipment Upgrades (as defined below).

5.10.3 Franchisee shall have six (6) months after receipt of Franchisor's written notice within which to complete Facilities Remodeling, failure to do so shall constitute a material default for which Franchisor may terminate this Agreement in accordance with Section 13.2 below.

5.10.4 Franchisee shall maintain a bank account into which it shall deposit funds for the purpose of conducting Facilities Remodeling and Equipment Upgrades (defined below). Such funds shall be maintained in an account separate from Franchisee's other monies, and Franchisee shall deposit into this account such amounts, at such times, as Franchisor may specify in the Manuals or otherwise in writing.

5.10.5 In addition to Facilities Remodeling, Franchisee shall make, from time to time, such upgrades and other changes to the electronic equipment utilized in the Restaurant and the Computer System as Franchisor may request in writing (and as also specified in Section 3.9 above) (collectively, "**Equipment Upgrades**"). Franchisor shall have the right to require any Equipment Upgrades it deems necessary for Franchisee's Restaurant.

5.11 Standards and Specifications. To insure that the highest degree of quality and service is maintained, Franchisee shall operate the Restaurant in strict conformity with such methods, standards, and specifications as Franchisor may from time to time prescribe in the Manuals or otherwise in writing. Franchisee agrees:

5.11.1 To maintain in sufficient supply, and to use and/or sell at all times only such products, ingredients, materials, supplies, and paper goods as conform to Franchisor's written standards and specifications, and to refrain from deviating therefrom by the use or offer of any non-conforming items without Franchisor's specific prior written consent.

5.11.2 To sell or offer for sale only such products as have been expressly approved for sale in writing by Franchisor; to sell or offer for sale all such products, utilizing the ingredients and employing the preparation standards and techniques, as specified by Franchisor; to refrain from any deviation from Franchisor's standards and specifications, including manner of preparation of products, without Franchisor's prior written consent; and to discontinue selling and offering for sale any products which Franchisor shall have the right to disapprove, in writing, at any time. If Franchisee deviates or proposes to deviate from Franchisor's standards and specifications, whether or not such deviation is approved by Franchisor, such deviation shall become the property of Franchisor.

5.11.3 To permit Franchisor or its agents, at any reasonable time, to remove samples of products, without payment therefor, in amounts reasonably necessary for testing by Franchisor or an independent laboratory to determine whether said samples meet Franchisor's then-current standards and specifications. In addition to any other remedies it may have under this Agreement, Franchisor may require Franchisee to bear the cost of such testing if the supplier of the item has not previously been approved by Franchisor or if the sample fails to conform to Franchisor's specifications.

5.11.4 To purchase and install, at Franchisee's expense, all fixtures, furnishings, equipment, decor, and signs as Franchisor shall specify; and to refrain from installing or permitting to be installed on or about the Restaurant premises, without Franchisor's prior written consent, any fixtures, furnishings, equipment, decor, signs, or other items not previously approved as meeting Franchisor's standards and specifications.

5.11.5 To fully and faithfully comply with all applicable governing authorities, laws and regulations. Franchisee shall immediately close the Restaurant and terminate operations in the event that: (i) any products sold at the Restaurant evidence adulteration or deviation from the standards set for products by Franchisor; (ii) any products sold at the store fail to comply with applicable laws or regulations; or (iii) Franchisee fails to maintain the products, Restaurant premises, equipment, personnel, or operation of the Restaurant in accordance with any applicable law or regulations. In the event of such closing, Franchisee shall immediately notify Franchisor in writing and Franchisee shall destroy immediately in accordance with procedures set forth in the Manual, or otherwise in writing by Franchisor, all products which it knows, or should know through the exercise of reasonable care, to be adulterated, tainted, contaminated, spoiled, unsafe, or otherwise unfit for human consumption and eliminate the source thereof, and remedy any unsanitary, unsafe, or other condition or other violation of the applicable law or regulation. Franchisee shall not reopen the Restaurant until after Franchisor has inspected the Restaurant premises, and Franchisor has determined that Franchisee has corrected the condition and that all products sold at the Restaurant comply with Franchisor's standards.

5.12 Suppliers. Franchisee shall purchase all products, ingredients, supplies, materials, and other products used or offered for sale at the Restaurant solely from suppliers that Franchisor has approved in writing. In determining whether it will approve any particular supplier, Franchisor shall consider various factors, including a supplier who can demonstrate, to Franchisor's continuing reasonable satisfaction, the ability to meet Franchisor's then-current standards and specifications for such items; who possesses adequate quality controls and capacity to supply Franchisee's needs promptly and reliably; who would enable the System, in Franchisor's sole opinion, to take advantage of marketplace efficiencies; and who has been approved in writing by Franchisor prior to any purchases by Franchisee from any such supplier, and have not thereafter been disapproved. For the purpose of this Agreement, the term "supplier" shall include, but not be limited to, manufacturers, distributors, resellers, and other vendors. Franchisee recognizes that Franchisor shall have the right to appoint only one manufacturer, distributor, reseller, and/or other vendor for any particular item.

5.12.1 If Franchisee wishes to purchase any products or any items from an unapproved supplier, Franchisee shall first submit to Franchisor a written request for such approval. Franchisee shall not purchase any products or services from any supplier until, and unless, such supplier has been approved in writing by Franchisor. Franchisor shall have the right to require that its representatives be permitted to inspect the supplier's facilities, and that samples from the supplier be delivered, either to Franchisor or to an independent laboratory designated by Franchisor for testing. A charge not to exceed the reasonable cost of the inspection and the actual cost of the test shall be paid by Franchisee or the supplier. Franchisor may also require

that the supplier comply with such other requirements as Franchisor may deem appropriate, including payment of reasonable continuing inspection fees and administrative costs, or other payment to Franchisor by the supplier on account of their dealings with Franchisee or other franchisees, for use, without restriction (unless otherwise instructed by the supplier) and for services that Franchisor may render to such suppliers. Franchisor reserves the right, at its option, to reinspect from time to time the facilities and products of any such approved supplier and to revoke its approval upon the supplier's failure to continue to meet any of Franchisor's then-current criteria.

5.12.2 Nothing in the foregoing shall be construed to require Franchisor to approve any particular supplier, nor to require Franchisor to make available to prospective suppliers, standards and specifications for formulas, which Franchisor shall have the right to deem confidential.

5.12.3 Notwithstanding anything to the contrary contained in this Agreement, Franchisee acknowledges and agrees that, at Franchisor's sole option, Franchisor may establish one or more strategic alliances or preferred vendor programs with one or more nationally or regionally-known suppliers who are willing to supply all or some Restaurants with some or all of the products and/or services that Franchisor requires for use and/or sale in the development and/or operation of Restaurants. In this event, Franchisor may limit the number of approved suppliers with whom Franchisee may deal, designate sources that Franchisee must use for some or all products and other products and services, and/or refuse any of Franchisee's requests if Franchisor believes that this action is in the best interests of the System or the franchised network of Restaurants. Franchisor shall have unlimited discretion to approve or disapprove of the suppliers who may be permitted to sell products to Franchisee.

5.12.4 Franchisee acknowledges and agrees that Franchisor shall have the right to collect and retain all manufacturing allowances, marketing allowances, rebates, credits, monies, payments or benefits (collectively, "**Allowances**") offered by suppliers to Franchisee or to Franchisor or its affiliates based upon Franchisee's purchases of products and other goods and services. These Allowances are based on System-wide purchases of food, beverages, paper goods, merchandise and other items. Franchisee assigns to Franchisor or its designee all of Franchisee's right, title and interest in and to any and all such Allowances and authorizes Franchisor or its designee to collect and retain any or all such Allowances without restriction (unless otherwise instructed by the supplier).

5.13 Promotional Materials. Franchisee shall require all advertising and promotional materials, signs, decorations, paper goods (including without limitation disposable food and beverage containers, bags, napkins, menus, and all forms and stationery used in the Restaurant), any and all replacement trade dress products, and other items which may be designated by Franchisor to bear the Franchisor's then-current Proprietary Marks and logos in the form, color, location, and manner then-prescribed by Franchisor.

5.14 Inspections. Franchisee grants Franchisor and its agents the right to enter upon the Restaurant premises at any time for the purpose of conducting inspections, for among other

purposes, preserving validity of the Proprietary Marks, and verifying Franchisee's compliance with this Agreement and the policies and procedures outlined in the Manuals. Franchisee shall cooperate with Franchisor's representatives in such inspections by rendering such assistance as they may reasonably request; and, upon notice from Franchisor or its agents and without limiting Franchisor's other rights under this Agreement, Franchisee shall take such steps as may be necessary to correct immediately any deficiencies detected during any such inspection.

5.15 Franchisee Structure.

5.15.1 Except as otherwise approved in writing by Franchisor, if Franchisee is a corporation, it shall: (i) confine its activities, and its governing documents shall at all times provide that its activities are confined, exclusively to operating the Restaurant; (ii) maintain stop transfer instructions on its records against the transfer of any equity securities and shall only issue securities upon the face of which a legend, in a form satisfactory to Franchisor, appears which references the transfer restrictions imposed by this Agreement; (iii) not issue any voting securities or securities convertible into voting securities; and (iv) maintain a current list of all owners of record and all beneficial owners of any class of voting stock of Franchisee and furnish the list to Franchisor upon request.

5.15.2 If Franchisee is a partnership or limited liability partnership it shall: (i) furnish Franchisor with its partnership agreement as well as such other documents as Franchisor may reasonably request, and any amendments thereto; and (ii) prepare and furnish to Franchisor, upon request, a current list of all general and limited partners in Franchisee.

5.15.3 If a Franchisee is a limited liability company, Franchisee shall: (i) furnish Franchisor with a copy of its articles of organization and operating agreement, as well as such other documents as Franchisor may reasonably request, and any amendments thereto; (ii) prepare and furnish to Franchisor, upon request, a current list of all members and managers in Franchisee; and (iii) maintain stop transfer instructions on its records against the transfer of equity securities and shall only issue securities upon the face of which bear a legend, in a form satisfactory to Franchisor, which references the transfer restrictions imposed by this Agreement.

5.16 Guarantee of Performance. Each present and future shareholder of a corporate Franchisee, member of a limited liability company Franchisee, partner of a partnership Franchisee, or partner of a limited liability partnership Franchisee, who possesses ten percent (10%) or more of the outstanding equity in Franchisee, shall jointly and severally guarantee Franchisee's performance of each and every provision of this Agreement by executing the Guarantee, Indemnification and Acknowledgement in the form attached to this Agreement as Exhibit B; provided, however, that no guarantee shall be required from a person who acquires Franchisee's securities (other than a controlling interest) if and after Franchisee becomes registered under the Securities Exchange Act of 1934.

5.17 Computer System. At Franchisor's request, Franchisee shall purchase or lease, and thereafter maintain, the Computer System. Franchisor shall have the right at any time to retrieve and use such data and information from Franchisee's computer system that Franchisor

deems necessary or desirable. In view of the contemplated interconnection of computer systems and the necessity that such systems be compatible with each other, and Franchisee expressly agrees that it shall strictly comply with Franchisor's standards and specifications for all item(s) associated with Franchisee's Computer System, and will otherwise operate its Computer System in accordance with Franchisor's standards and specifications. To ensure full operational efficiency and optimum communication capability between and among equipment and computer systems installed by Franchisee, Franchisor, and other franchisees, Franchisee agrees, at its expense, that Franchisee shall keep its Computer System in good maintenance and repair, and following the determination that Franchisor shall have the right to make, to the effect that same will prove economically or otherwise beneficial to all System franchisees, that Franchisee shall promptly install at its expense such additions, changes, modifications, substitutions and/or replacement to Franchisee's computer hardware, software, telephone and power lines, and other related facilities, as Franchisor directs periodically in writing.

5.18 Uniforms. To promote a uniform System image, Franchisee shall require all of its Restaurant personnel to dress during business hours in the attire specified in the Manuals. Franchisee shall purchase such attire only from approved suppliers.

5.19 Incentive Programs. Franchisee shall offer for sale, and will honor for purchases by customers, any incentive or convenience programs which Franchisor may institute from time to time, and Franchisee shall do so in compliance with Franchisor's standards and procedures for such programs. With respect to the sale of all products, services or merchandise, Franchisee shall have sole discretion as to the prices to be charged to customers.

5.20 Franchisee Advisory Council. Franchisor reserves the right to create a "Franchisee Advisory Council," or similar advisory group, for the purpose of fostering communication among and between franchisees and Franchisor, as well as to establish, modify or discuss various policies applicable to Roy Rogers businesses operating under the System. If and when the Franchisee Advisory Council is created, Franchisee shall be required to participate in such Franchisee Advisory Council meetings and programs as Franchisor shall designate. Franchisee may be required to pay such dues to the Franchisee Advisory Council as Franchisor shall determine, and Franchisee shall pay all costs and expenses incurred in connection with participation in the Franchisee Advisory Council including, without limitation, the costs of transportation, lodging, and meals.

5.21 System Modifications. Franchisee acknowledges and agrees that from time to time hereafter Franchisor may change or modify the System as Franchisor deems appropriate, including without limitation, to reflect the changing market and/or to meet new and changing consumer demands, and that variations and additions to the System may be required from time to time to preserve and enhance the public image of the System and operations of Roy Rogers Restaurants. Franchisor's changes to the System may include, without limitation, the adoption and use of new or modified products, services, equipment and furnishings and new techniques and methodologies relating to the preparation, sale, promotion and marketing of food and beverage products and services, and new trademarks, service marks and copyrighted materials. Franchisee shall, upon reasonable notice, accept, implement, use and display in the operation of

the Restaurant any such changes in the System, as if they were part of this Agreement at the time of execution hereof, at Franchisee's sole expense. Additionally, Franchisor reserves the right, in its sole discretion, to vary the standards throughout the System, as well as the services and assistance that Franchisor may provide to some franchisees based upon the peculiarities of a particular site or circumstance, existing business practices, or other factors that Franchisor deems to be important to the operation of any Roy Rogers Restaurant or the System. Franchisee shall have no recourse against Franchisor on account of any variation to any franchisee and shall not be entitled to require Franchisor to provide Franchisee with a like or similar variation hereunder.

6. PROPRIETARY MARKS

6.1 Ownership of the Proprietary Marks. Franchisor represents with respect to the Proprietary Marks that:

6.1.1 Roy Rogers Trademark Company, LLC (“**RRTC**”) is the owner of all right, title, and interest in and to the Proprietary Marks.

6.1.2 Franchisor has received from RRTC a license to use, and to license others to use, the Proprietary Marks.

6.1.3 Franchisor has taken and will take all steps reasonably necessary to preserve and protect RRTC’s ownership of and validity in, and Franchisor’s right to use, the Proprietary Marks.

6.2 Use of the Proprietary Marks. With respect to Franchisee’s use of the Proprietary Marks, Franchisee agrees that:

6.2.1 Franchisee shall use only the Proprietary Marks designated by Franchisor, and shall use them only in the manner authorized and permitted by Franchisor; all items bearing the Proprietary Marks shall bear the then-current logo.

6.2.2 Franchisee shall use the Proprietary Marks only for the operation of the business franchised hereunder and only at the location authorized hereunder, or in franchisor-approved advertising for the business conducted at or from that location.

6.2.3 Unless Franchisor otherwise directs Franchisee, in writing, to do so, Franchisee shall operate and advertise the Restaurant only under the name “Roy Rogers” without prefix or suffix.

6.2.4 During the term of this Agreement and any renewal of this Agreement, Franchisee shall identify itself (in a manner reasonably acceptable to Franchisor) as the owner of the Restaurant in conjunction with any use of the Proprietary Marks, including, but not limited to, uses on invoices, order forms, receipts, and contracts, as well as the display of a notice in such content and form and at such conspicuous locations on the premises of the Restaurant as Franchisor may designate in writing.

6.2.5 Franchisee's right to use the Proprietary Marks is limited to such uses as are authorized under this Agreement, and any unauthorized use thereof shall constitute an infringement of Franchisor's rights.

6.2.6 Franchisee shall not use the Proprietary Marks to incur any obligation or indebtedness on behalf of Franchisor.

6.2.7 Without Franchisor's prior written approval, Franchisee shall not use the Proprietary Marks as part of its corporate or other legal name, or as part of any e-mail address, Website (defined in Section 10.10 below), domain name or any other electronic media (including use with any prefix, suffix, other modifying words, terms, designs, or symbols), or in any other manner connected with a Website, advertisements on a Website, or other similar electronic media means.

6.2.8 Franchisee shall execute any documents deemed necessary by Franchisor to obtain protection for the Proprietary Marks or to maintain their continued validity and enforceability.

6.2.9 With respect to litigation involving the Proprietary Marks, the parties agree that:

6.2.9.1 Franchisee shall promptly notify Franchisor of any suspected infringement of, or any suspected unauthorized use of, the Proprietary Marks, any known challenge to the validity of the Proprietary Marks, or any known challenge to RRTC's ownership of, or Franchisor or Franchisee's right to use, the Proprietary Marks licensed hereunder. Franchisee acknowledges that Franchisor and/or RRTC shall have the right to direct and control any administrative proceeding or litigation involving the Proprietary Marks, including any settlement thereof. Franchisor and/or RRTC shall also have the right, but not the obligation, to take action against uses by others that may constitute infringement of the Proprietary Marks.

6.2.9.2 If Franchisee has used the Proprietary Marks in accordance with this Agreement, Franchisor shall defend Franchisee at Franchisor's expense against any third party claim, suit, or demand involving the Proprietary Marks arising out of Franchisee's use thereof. If Franchisee has not used the Proprietary Marks in accordance with this Agreement, Franchisor will defend Franchisee, at Franchisee's expense, against such third party claims, suits, or demands. If Franchisor and/or RRTC undertake the defense or prosecution of any litigation relating to the Proprietary Marks, Franchisee shall execute any and all documents and do such acts and things as may, in the opinion of counsel for Franchisor and/or RRTC, be necessary to carry out such defense or prosecution, including, but not limited to, becoming a nominal party to any legal action. Except to the extent that such litigation is the result of Franchisee's use of the Proprietary Marks in a manner inconsistent with the terms of this Agreement, Franchisor and/or RRTC agrees to reimburse Franchisee for its out-of-pocket litigation costs in doing such acts and things, except that Franchisee shall bear the salary costs of its employees, and Franchisor and/or RRTC shall bear the costs of any judgment or settlement. To the extent that such litigation is the result of Franchisee's use of the Proprietary Marks in a manner inconsistent with the terms of

this Agreement, Franchisee shall reimburse Franchisor and/or RRTC for the cost of such litigation (or, upon Franchisor or RRTC's written request, pay Franchisor or RRTC's legal fees directly), including without limitation attorney's fees, as well as the cost of any judgment or settlement.

6.3 Franchisee Acknowledgements. Franchisee expressly understands and acknowledges that:

6.3.1 The Proprietary Marks are valid and serve to identify the System and those who are authorized to operate under the System.

6.3.2 Neither Franchisee nor any principal of Franchisee shall directly or indirectly contest the validity of RRTC's ownership of, or Franchisor's right to use and license others to use, the Proprietary Marks, nor shall Franchisee, directly or indirectly, seek to register the Proprietary Marks with any government agency, except with Franchisor's express prior written consent.

6.3.3 Franchisee's use of the Proprietary Marks does not give Franchisee any ownership interest or other interest in or to the Proprietary Marks, except the license granted by this Agreement.

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

6.3.5 The right and license of the Proprietary Marks granted hereunder to Franchisee is non-exclusive, and Franchisor and RRTC thus have and retain the rights, among others:

6.3.5.1 To use the Proprietary Marks in connection with selling products and services;

6.3.5.2 To grant other licenses for the Proprietary Marks, in addition to those licenses already granted to existing franchisees;

6.3.5.3 To develop and establish other systems using the same or similar Proprietary Marks, or any other proprietary marks, and to grant licenses or franchises thereto without providing any rights therein to Franchisee.

6.3.6 Franchisor reserves the right to substitute different proprietary marks for use in identifying the System and the businesses operating thereunder if the Proprietary Marks no longer can be used, or if Franchisor, exercising its right to do so, determines that substitution of different proprietary marks will be beneficial to the System. In such circumstances, Franchisee shall implement at Franchisee's expense such substituted proprietary marks in such ways as

Franchisor may direct, and the use of the substituted proprietary marks shall be governed by the terms of this Agreement.

7. CONFIDENTIAL OPERATING MANUALS

7.1 Manuals. In order to protect the reputation and goodwill of Franchisor and to maintain high standards of operation under Franchisor's Proprietary Marks, Franchisee shall conduct its business in accordance with the Manuals, which Franchisee acknowledges having received access to from Franchisor for the term of this Agreement. The Manuals may consist of multiple volumes of printed text, video and/or audio tapes and files, computer disks, and other electronically stored data, and Franchisee acknowledges and agrees that Franchisor may provide a portion or all of the Manuals (including updates and amendments), and other instructional information and materials in, or via, electronic media, including without limitation, through the Internet.

7.2 Confidentiality of the Manuals. Franchisee shall at all times treat the Manuals, any other manuals created for or approved for use in the operation of the Restaurant, and the information contained therein, as confidential, and shall use best efforts to maintain such information as secret and confidential. Franchisee shall not at any time copy, duplicate, record, or otherwise reproduce the foregoing materials, in whole or in part, nor otherwise make the same available to any unauthorized person.

7.3 Protection of the Manuals. The Manuals shall at all times remain the sole property of Franchisor and shall at all times be kept in a secure place on the Restaurant premises. Franchisee shall ensure that the Manuals are kept current and up to date; and, in the event of any dispute as to the contents of the Manuals, the terms of the master copy of the Manuals maintained by Franchisor at Franchisor's home office shall be controlling.

7.4 Revisions to the Manuals. Franchisor may from time to time revise the contents of the Manuals, and Franchisee expressly agrees to make corresponding revisions to its copy of the Manuals and to comply with each new or changed standard.

8. CONFIDENTIAL INFORMATION

8.1 Confidential Information. Franchisee shall not, during the term of this Agreement or thereafter, communicate, divulge, or use for the benefit of any other person, persons, partnership, entity, association, or corporation any confidential information, knowledge, or know-how concerning the methods of operation of the business franchised hereunder which may be communicated to Franchisee or of which Franchisee may be apprised by virtue of Franchisee's operation under the terms of this Agreement. Franchisee shall divulge such confidential information only to such of its employees as must have access to it in order to operate the Restaurant. Any and all information, knowledge, know-how, and techniques which Franchisor designates as confidential shall be deemed confidential for purposes of this Agreement, except information which Franchisee can demonstrate came to its attention prior to disclosure thereof by Franchisor; or which, at or after the time of disclosure by Franchisor to

Franchisee, had become or later becomes a part of the public domain, through publication or communication by others. Any employee who may have access to any confidential information regarding the Restaurant shall execute a covenant that s/he will maintain the confidentiality of information they receive in connection with their association with Franchisee. Such covenants shall be on a form provided by Franchisor, which form shall, among other things, designate Franchisor as a third party beneficiary of such covenants with the independent right to enforce them.

8.2 Irreparable Injury. Franchisee acknowledges that any failure to comply with the requirements of this Section 8 will cause Franchisor irreparable injury, and Franchisee agrees to pay all court costs and reasonable attorney's fees incurred by Franchisor in obtaining specific performance of, or an injunction against violation of, the requirements of this Section 8.

8.3 Information Exchange. Franchisee agrees to disclose to Franchisor all ideas, concepts, methods, techniques and products conceived or developed by Franchisee, its affiliates, owners or employees during the term of this Agreement relating to the development and/or operation of the Restaurants. Franchisee hereby grants to Franchisor and agrees to procure from its affiliates, owners or employees a perpetual, non-exclusive, and worldwide right to use any such ideas, concepts, methods, techniques and products in all food service businesses operated by Franchisor or its affiliates, franchisees and designees. Franchisor shall have no obligation to make any payments to Franchisee with respect to any such ideas, concepts, methods, techniques or products. Franchisee agrees that Franchisee will not use or allow any other person or entity to use any such concept, method, technique or product without obtaining Franchisor's prior written approval.

9. ACCOUNTING AND RECORDS

9.1 Records. With respect to the operation and financial condition of the Restaurant, Franchisee shall adopt, until otherwise specified by Franchisor, a fiscal year consisting of not less than twelve (12) accounting periods of four or five weeks each, which coincides with Franchisor's then-current fiscal year, as specified by Franchisor. Franchisee shall maintain for a period of not less than five (5) years during the term of this Agreement, and, for not less than five (5) years following the termination, expiration, or non-renewal of this Agreement, full, complete, and accurate books, records, and accounts in accordance with generally accepted accounting principles and in the form and manner prescribed by Franchisor from time to time in the Manuals or otherwise in writing.

9.2 Periodic Reports. Franchisee shall, at its expense, provide to Franchisor, in a format specified by Franchisor, any such forms, charts of accounts and other reports as Franchisor may specify, a complete annual financial statement (prepared according to generally accepted accounting principles, that includes a fiscal year-end balance sheet, an income statement of the Restaurant for such fiscal year reflecting all year-end adjustments, and a statement of changes in cash flow of Franchisee), prepared by a qualified accountant, no later than April 15th each year for the preceding fiscal year of the Restaurant, showing the results of operations of the Restaurant during the most recently completed fiscal year. Franchisee shall

prepare monthly profit and loss statements and quarterly balance sheets and shall provide such financial data and reports to Franchisor upon Franchisor's request. In addition, no later than the fifteenth (15th) day of each accounting period during the term of this Agreement after the opening of the Restaurant, Franchisee shall submit to Franchisor, in a format acceptable to (or, at Franchisor's election, specified by) Franchisor: (i) reports of those income and expense items of the Restaurant which Franchisor specifies from time to time for use in any revenue, earnings, and/or cost summary it chooses to furnish to prospective franchisees, provided that Franchisor will not identify to prospective franchisees any specific financial results of the Restaurant; and (ii) copies of all state sales tax returns for the Restaurant.

9.3 Reporting Requirements. Franchisee shall also submit to Franchisor in addition to the Sales Reports required pursuant to Section 4.2, for review or auditing, such other forms, reports, records, information, and data as and when Franchisor may reasonably designate, in the form and format, and at the times and places reasonably required by Franchisor, upon request and as specified from time to time in the Manuals or otherwise in writing, including, without limitation, via computer diskette, or otherwise in electronic format, and/or restated in accordance with Franchisor's financial reporting periods, consistent with Franchisor's then current financial reporting periods and accounting practices and standards. Franchisee shall prepare monthly profit and loss statements for each Month during the term of this Agreement, and, upon Franchisor's request, shall make such monthly profit and loss statements available to Franchisor. The reporting requirements of this Section 9.3 shall be in addition to, and not in lieu of, the electronic reporting required under Section 5.17 above.

9.4 Audit. Franchisor or its designated agents shall have the right at all reasonable times to examine, copy, and/or personally review or audit, at Franchisor's expense, all books, records, and sales and income tax returns of Franchisee. Franchisor shall also have the right, at any time, to have an independent audit made of the books of Franchisee. If an inspection should reveal that any payments have been understated in any report to Franchisor, then Franchisee shall immediately pay Franchisor the amount understated upon demand, in addition to interest from the date such amount was due until paid, at the rate of one and one-half percent (1.5%) per month, or the maximum rate permitted by law, whichever is less. If an inspection is necessitated because Franchisee fails to timely provide Sales Reports or if an inspection discloses an understatement in any report by Franchisee 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, travel, lodging and wages expenses, and reasonable accounting and legal costs). The foregoing remedies shall be in addition to any other remedies Franchisor may have.

10. MARKETING AND ADVERTISING

Recognizing the value of advertising, and the importance of the standardization of marketing and advertising programs to the furtherance of the goodwill and public image of the System, the parties agree as follows:

10.1 Marketing Contribution. For each Month during the term of this Agreement, Franchisee shall contribute to Franchisor's system-wide marketing fund (the "**Marketing Fund**") an amount, in the aggregate, up to three percent (3%) of the Gross Sales of the Restaurant during the preceding Month (the "**Marketing Contribution**"). The Marketing Contribution shall be paid by Franchisee in the manner required under Section 4.3 above (or as otherwise provided in this Section 10).

10.2 Marketing Fund. The Marketing Fund shall be maintained and administered by Franchisor or its designee, as follows:

10.2.1 Franchisor or its designee shall have the right to direct all advertising programs, as well as all aspects thereof, including without limitation, the concepts, materials, and media used in such programs and the placement and allocation thereof. Franchisee agrees and acknowledges that the Marketing Fund is intended to maximize general public recognition, acceptance, and use of the System; and that Franchisor and its designee are not obligated, in administering the Marketing Fund, to make expenditures for Franchisee which are equivalent or proportionate to Franchisee's contribution, or to ensure that any particular franchisee benefits directly or pro rata from expenditures by the Marketing Fund.

10.2.2 The Marketing Fund, all contributions thereto, and any earnings thereon, shall be used exclusively (except as otherwise provided in this Section 10.2) to meet any and all costs of maintaining, administering, directing, conducting, creating and/or otherwise preparing advertising, marketing, public relations and/or promotional programs and materials, and any other activities which Franchisor believes will enhance the image of the System, including, without limitation, the costs of: preparing and conducting media advertising campaigns, direct mail advertising, marketing surveys and other public relations activities; developing marketing and promotional strategies; employing advertising and/or public relations agencies to assist therein; purchasing promotional items; designing menu boards, point-of-purchase (POP) materials, including design and photographs; conducting and administering visual merchandising, POS, and other merchandising programs; providing promotional and other marketing materials and services to the Restaurants operated under the System; and the salaries of Franchisor's employees in conjunction with System marketing activities. The Marketing Fund may also be used to provide rebates or reimbursements to franchisees for local expenditures on products, services, or improvements, approved in advance by Franchisor, which products, services, or improvements Franchisor shall have the right to determine will promote general public awareness and favorable support for the System.

10.2.3 Franchisee shall contribute to the Marketing Fund in the manner specified in Section 4.3 above. All sums paid by Franchisee to the Marketing Fund shall be maintained in an account separate from Franchisor's other monies. Franchisor shall have the right to charge the Marketing Fund for such reasonable administrative costs and overhead as Franchisor may incur in activities reasonably related to the direction and implementation of the Marketing Fund and advertising programs for franchisees and the System, including, without limitation, costs of personnel for creating and implementing, advertising, merchandising, promotional and marketing programs. The Marketing Fund and its earnings shall not otherwise

inure to the benefit of Franchisor. Franchisor or its designee shall maintain separate bookkeeping accounts for the Marketing Fund.

10.2.4 The Marketing Fund is not and shall not be an asset of Franchisor, nor a trust, and Franchisor does not assume any fiduciary obligation to Franchisee for maintaining, directing or administering the Marketing Fund or for any other reason. A statement of the operations of the Marketing Fund shall be provided to Franchisee by April 15 of the year after the close of Franchisor's fiscal year.

10.2.5 Although the Marketing Fund is intended to be of perpetual duration, Franchisor maintains the right to terminate the Marketing Fund. The Marketing Fund shall not be terminated, however, until all monies in the Marketing Fund have been expended for advertising and/or promotional purposes.

10.3 Cooperative. Franchisor shall have the right, in its discretion, to designate any geographical area for purposes of establishing a regional marketing and advertising cooperative ("**Cooperative**"), and Franchisee agrees to take appropriate steps to establish and participate, including making the required contributions, in such Cooperative if required to do so by Franchisor. If a Cooperative for the geographic area or market in which the Restaurant is located has been established at the time Franchisee commences operations hereunder, Franchisee shall immediately be bound by the obligation to become a member of such Cooperative under the terms of the then-existing Cooperative agreement. If a Cooperative for the geographic area or market in which the Restaurant is located is established during the term of this Agreement, Franchisee shall immediately become a member of such Cooperative, and take all steps necessary to become such member. In no event shall Franchisee be required to be a member of more than one Cooperative as to the Restaurant. The following provisions shall apply to each such Cooperative:

10.3.1 Each Cooperative shall be organized and governed in a form and manner approved by Franchisor in writing, and shall commence operations on a date specified by Franchisor. Any disputes arising among or between Franchisee, other franchisees in the Cooperative, and/or the Cooperative, shall be resolved in accordance with the rules and procedures set forth in the Cooperative's governing documents.

10.3.2 Each Cooperative shall be organized for the exclusive purpose of administering regional advertising programs, and developing, subject to Franchisor's approval, standardized promotional materials for use by the members in regional advertising and promotion.

10.3.3 No advertising or promotional plans or materials may be used by a Cooperative or furnished to its members without the prior approval of Franchisor, pursuant to the procedures and terms as set forth in Section 10.7 hereof.

10.3.4 In addition to, but not in lieu of the Marketing Contribution, Franchisee may be required to contribute to the Cooperative. The specific amount of Franchisee's

contribution to the Cooperative shall be determined solely by the Cooperative. As described below in Section 10.4, up to three percent (3%) of Franchisee's contribution to the Cooperative shall be considered local advertising and promotion. Franchisee shall submit to the Cooperative the amount required at such times as determined by the Cooperative, but no later than the tenth (10th) day of each calendar month for the preceding calendar month, together with such other statements or reports as may be required by Franchisor, or the Cooperative with Franchisor's prior written approval.

10.3.5 Franchisor, in its sole discretion, may grant to any franchisee an exemption for any length of time from the requirement of membership in a Cooperative, or from the requirement to pay all or a portion of the contribution (described in this Section 10.3.5) to the Cooperative upon written request of such franchisee stating reasons supporting such exemption. Franchisor's decision concerning such request for exemption shall be final.

10.4 Local Advertising and Promotion. In addition to, but not in lieu of, the Marketing Contribution, Franchisee shall expend an amount equal to at least three percent (3%) of annual Gross Sales on local advertising and promotion; provided, however, if Franchisee belongs to and is required to contribute to a Cooperative, up to three percent (3%) of Franchisee's Cooperative contributions shall be considered local advertising and promotion, and shall be credited against Franchisee's obligation to expend monies on local advertising and promotion as set forth herein. All local advertising and promotion by Franchisee shall be in such media, and of such type and format as Franchisor may approve; shall be conducted in a dignified manner; and, shall conform to such standards and requirements as Franchisor may specify. Franchisee shall not use any advertising or promotional plans or materials unless and until Franchisee has received written approval from Franchisor, pursuant to the procedures and terms set forth in Section 10.7 below.

10.5 Costs of Local Advertising and Promotion. As used in this Agreement, the term "**local advertising and promotion**" shall consist only of the direct costs of purchasing and producing advertising materials (including, but not limited to, camera-ready advertising and point of sale materials), media (space or time), and those direct out-of-pocket expenses related to costs of advertising and sales promotion spent by Franchisee in its local market or area, advertising agency fees and expenses, postage, shipping, telephone, and photocopying; however, the parties expressly agree that advertising and sales promotion shall not include costs or expenses incurred by or on behalf of Franchisee in connection with any of the following:

10.5.1 Salaries and expenses of any employees of Franchisee, including salaries or expenses for attendance at advertising meetings or activities, or incentives provided or offered to such employees, including discount coupons;

10.5.2 Charitable, political, or other contributions or donations;

10.5.3 The value of discounts provided to customers;

10.5.4 The cost of food items.

10.6 Promotional Materials. Franchisor shall make available to Franchisee from time to time, one (1) copy of (or prototypical) advertising plans and promotional materials, including newspaper mats, coupons, merchandising materials, sales aids, point-of-purchase materials, special promotions, direct mail materials, community relations programs, and similar advertising and promotional materials for use in local advertising and promotion. Franchisee shall reproduce such materials at its expense as necessary in order to conduct local advertising and promotion activities.

10.7 Approvals. For all proposed advertising, marketing, and promotional plans, Franchisee shall submit samples of such plans and materials to Franchisor (by means described in Section 19 below), for Franchisor's review and prior written approval (except with respect to prices to be charged by Franchisee). If written approval is not received by Franchisee from Franchisor within seven (7) days of the date of receipt by Franchisor of such samples or materials, Franchisor shall be deemed to have approved them. Franchisee acknowledges and agrees that any and all copyright in and to advertising and promotional materials developed by or on behalf of Franchisee shall be the sole property of Franchisor, and Franchisee agrees to execute such documents (and, if necessary, require its independent contractors to execute such documents) as may be deemed reasonably necessary by Franchisor to give effect to this provision.

10.8 Grand Opening Marketing Program. In addition to and not in lieu of the Marketing Contribution and any expenditures for local advertising and promotion, Franchisee shall expend a minimum of Ten Thousand Dollars (\$10,000) for grand opening marketing and promotional programs in conjunction with the Restaurant's initial grand opening, pursuant to a grand opening marketing plan developed by Franchisor or developed by Franchisee and approved in writing by Franchisor (the "**Grand Opening Marketing Program**"). The Grand Opening Marketing Program shall be executed and completed within sixty (60) days after the Restaurant commences operation. Franchisee shall submit to Franchisor, for Franchisor's prior written approval, a marketing plan and samples of all advertising and promotional material not prepared or previously approved by Franchisor. For the purpose of this Agreement, the Grand Opening Marketing Program shall be considered local advertising and promotion, as provided under Section 10.4 above. Franchisor reserves the right to require Franchisee to deposit with Franchisor the funds required under this Section 10.8 to distribute as may be necessary to conduct the Grand Opening Marketing Program.

10.9 Minimum Requirements Only. Franchisee understands and acknowledges that the required contributions and expenditures are minimum requirements only, and that Franchisee may, and is encouraged by Franchisor to, expend additional funds for local advertising and promotion of a local nature which will focus on disseminating advertising directly related to Franchisee's Restaurant.

10.10 Websites. Franchisee specifically acknowledges and agrees it shall not establish a Website (as defined below), nor offer, promote, or sell any products or services, or make any use of the Proprietary Mark, through the Internet without Franchisor's prior written approval. As a condition to granting any such consent, Franchisor shall have the right to establish such

requirements as Franchisor deems appropriate, including but not limited to the requirement that Franchisee's only presence on the Internet shall be through a webpage established by Franchisor on Franchisor's website. Any Website shall be deemed "advertising" under this Agreement, and will be subject to (among other things) to Franchisor's approval under Section 10.7 above. (The term "**Website**" as used in this Agreement means one or more related documents, designs, pages, or other communications that can be accessed through electronic means, including but not limited to the Internet, World Wide Web, social networking sites (including but not limited to Facebook, Twitter, LinkedIn, Google Wave, YouTube, etc.), blogs, vlogs, and other applications, etc.). Franchisor may from time to time establish policies regarding social media as Franchisor determines appropriate for the System. Any use of social media using the Proprietary Marks, or any reference to the Restaurants or your operations as a Franchisee is considered advertising, and Franchisee must comply with Franchisor's social media and advertising policies, including approval requirements. Franchisor may modify these policies as it determines to be appropriate, including as available technologies and advertising methods change.

10.11 Promotional Programs. Franchisee acknowledges that periodic rebates, giveaways and other promotions and programs are an integral part of the System. Accordingly, Franchisee, at its sole cost and expense, from time to time shall issue and offer such rebates, giveaways and promotions in accordance with any reasonable advertising programs established by Franchisor, and further shall honor rebates, giveaways and other promotions, issued by other franchisees and approved by Franchisor, as long as all of the above do not contravene regulations and laws of appropriate governmental authorities.

10.12 Limitations on Association of the Proprietary Marks. Franchisee acknowledges and agrees that certain associations between Franchisee and/or the Restaurant, and/or the Proprietary Marks and/or the System, and/or businesses operating under or products sold under the Proprietary Marks or the Roy Rogers brand names on the one hand, and certain political, religious, cultural or other types of groups, organizations, causes, or activities, on the other, however well-intentioned and/or legal, may create an unwelcome, unfair, or unpopular association with, and/or an adverse effect on, the reputation of Franchisor, the System, the Roy Rogers brand, or the good will associated with the Proprietary Marks. Accordingly, Franchisor shall have the right, at any time in its reasonable discretion, to prohibit or restrict Franchisee from engagement in any activities with, or from donating any money, products, services, goods, or other items to, any charitable, political or religious organization, group, or activity, if in Franchisor's opinion such action is taken, or may be perceived by the public to be taken, in the name of, in connection or association with Franchisee, the Proprietary Marks, the Restaurant, the Franchisor, or the System.

11. INSURANCE

11.1 Insurance Requirements. Prior to the commencement of any activities or operations pursuant to this Agreement, Franchisee shall procure and maintain in full force and effect during the term of this Agreement (and for such period thereafter as is necessary to provide the coverages required hereunder for events having occurred during the Term of this Agreement), at Franchisee's expense, the following insurance policy or policies in connection

with the Restaurant or other facilities on premises, or by reason of the construction, operation, or occupancy of the Restaurant or other facilities on premises. Such policy or policies shall be written by an insurance company or companies approved by Franchisor, and licensed to do business in the state in which the Restaurant is located, and shall include, at a minimum (except as additional coverages and higher policy limits may reasonably be specified for all franchisees from time to time by Franchisor in the Manuals or otherwise in writing to reflect inflation, identification of new risks, changes in the law or standards of liability, higher damage awards and other relevant changes in circumstances), the following:

11.1.1 Comprehensive general liability insurance, written on an occurrence basis, extended to include contractual liability, products and completed operations, and personal and advertising injury, with a combined bodily injury and property damage limit of not less than One Million Dollars (\$1,000,000) per occurrence and Two Million Dollars (\$2,000,000) in the aggregate.

11.1.2 Business automobile liability insurance, including a combined single bodily injury and property damage coverage for all owned, non-owned, and hired vehicles, with limits of liability not less than One Million Dollars (\$1,000,000) per occurrence for both bodily injury and property damage.

11.1.3 Statutory workers' compensation insurance and employer's liability insurance for a minimum limit of at least One Million Dollars (\$1,000,000), as well as such other disability benefits type insurance as may be required by statute or rule of the state in which the Restaurant is located.

11.1.4 Commercial umbrella liability insurance with limits which bring the total of all primary underlying coverages to not less than Five Million Dollars (\$5,000,000) total limit of liability.

11.1.5 Property insurance providing coverage for direct physical loss or damage to real and personal property for all-risk perils, including the perils of flood and earthquake.

11.1.6 To the extent not covered in the policy or policies obtained pursuant to Section 11.1.1 above, products liability insurance in an amount not less than One Million Dollars (\$1,000,000), which policy shall be considered primary.

11.1.7 Any other insurance coverage that is required by federal, state, or municipal law.

11.2 Referenced in Manuals. All policies listed in Section 11.1 above (unless otherwise noted below) shall contain such endorsements as shall, from time to time, be provided in the Manuals.

11.3 Policy Cancellation. Franchisee shall provide to Franchisor, in the manner described in Section 20 below, forty-five (45) days' advance written notice in the event of

cancellation of any policy, and thirty (30) days' advance written notice in the event of material change, or non-renewal of any policy.

11.4 Construction and Remodeling Insurance. In connection with all significant construction, reconstruction, or remodeling of the Restaurant during the term of this Agreement, Franchisee will cause the general contractor, its subcontractors, and any other contractor, to effect and maintain at general contractor's and all other contractor's own expense, such insurance policies and bonds with such endorsements as are set forth in the Manuals, all written by insurance or bonding companies approved by Franchisor, having a rating as set forth in Section 11.1 above.

11.5 No Waiver of Obligations. Franchisee's obligation to obtain and maintain the foregoing policy or policies in the amounts specified shall not be limited in any way by reason of any insurance which may be maintained by Franchisor, nor shall Franchisee's performance of that obligation relieve it of liability under the indemnity provisions set forth in Section 17.4 below.

11.6 Franchisor to be Additional Named Insured. All insurance policies shall list Franchisor and its affiliates, officers, directors, employees and agents as additional named insureds, and shall also contain a provision that Franchisor, although named as an insured, shall nevertheless be entitled to recover under said policies on any loss occasioned to Franchisor or its servants, agents, or employees by reason of the negligence of Franchisee or its servants, agents, or employees.

11.7 Evidence of Insurance. At least thirty (30) days prior to the time any insurance is first required to be carried by Franchisee, and thereafter at least thirty (30) days prior to the expiration of any such policy, Franchisee shall deliver to Franchisor certificates of insurance, endorsements, insurance declarations and/or other documents requested by Franchisor (collectively "certificates"), evidencing the proper coverage with limits not less than those required hereunder. All certificates shall expressly provide that no less than thirty (30) days' prior written notice shall be given Franchisor in the event of material alteration to, cancellation, or non-renewal of the coverages evidenced by such certificates. Further certificates evidencing the insurance required by Section 11.1 above shall name Franchisor, and each of its affiliates, directors, agents, and employees as additional insureds, and shall expressly provide that any interest of same therein shall not be affected by any breach by Franchisee of any policy provisions for which such certificates evidence coverage. In the event that Franchisee fails to obtain the required insurance or to provide evidence reasonably satisfactory to Franchisor of the insurance policies required by this Section 11, Franchisor shall obtain such required policies on Franchisee's behalf, and Franchisee agrees that it will promptly reimburse Franchisor for all costs related to obtaining such policies upon notice from Franchisor.

11.8 Proof of Insurance. In addition to its obligations under Section 11.7 above, on the first anniversary of the Effective Date, and on each subsequent anniversary thereof during the term of this Agreement and any renewal hereof, Franchisee shall provide Franchisor with proof

of insurance evidencing the proper coverage with limits not less than those required hereunder, in such form as Franchisor may reasonably require.

11.9 Policy Limit Changes. Franchisor shall have the right, from time to time, to make such changes in minimum policy limits and endorsements as it may determine; provided, however, all changes shall apply, generally, to all franchisees of Franchisor who are similarly situated.

12. TRANSFER OF INTEREST

12.1 Franchisor Transfers. Franchisor shall have the right to transfer or assign this Agreement and all or any part of its rights or obligations under this Agreement to any person or legal entity, and any assignee of Franchisor shall become solely responsible for all obligations of Franchisor under this Agreement from the date of assignment.

12.2 Principals. If Franchisee is a corporation, limited liability company, partnership, or limited liability partnership, each principal of Franchisee (“**Principal**”), and the interest of each Principal in Franchisee, is identified in Exhibit C hereto. Franchisee represents and warrants that its owners are as set forth on Exhibit C attached to this Agreement, and covenants that it will not permit the identity of such owners, or their respective interests in Franchisee, to change without complying with this Agreement. Franchisor shall have the right to designate any person or entity which owns a direct or indirect interest in Franchisee as a Principal, and Exhibit C shall be so amended automatically upon notice thereof to Franchisee. Throughout the term of this Agreement, Franchisor shall have a continuing right to designate as a Principal any person or entity that owns a direct or indirect interest in Franchisee.

12.3 Franchisee Transfers. Franchisee understands and acknowledges that the rights and duties set forth in this Agreement are personal to Franchisee, and that Franchisor has granted this franchise in reliance on Franchisee’s or Franchisee’s Principals’ business skill, financial capacity, and personal character. Accordingly:

12.3.1 Franchisee shall not, without the prior written consent of Franchisor, transfer, pledge or otherwise encumber: (a) this Agreement or any of the rights and obligations of Franchisee under this Agreement; (b) any material asset of Franchisee or the Restaurant; or (c) any ownership interest in Franchisee; provided, however, that Franchisee may grant a security interest in, or otherwise encumber certain assets of the Restaurant, excluding the Franchise Agreement, in connection with Franchisee obtaining financing for the development and/or operation of the Restaurant or equipment leasing, if such financing satisfies the requirements of Franchisor, which may include, without limitation, execution of agreements by Franchisor, Franchisee, and/or such Principal, and any secured creditor of Franchisee, in a form satisfactory to Franchisor, acknowledging such creditor’s obligations to be bound by the terms of this Section 12.

12.3.2 If Franchisee is a corporation or limited liability company, Franchisee shall not, without the prior written consent of Franchisor, issue any voting securities or securities

convertible into voting securities, and the recipient of any such securities shall become a Principal under this Agreement, if so designated by Franchisor.

12.3.3 If Franchisee is a partnership or limited partnership, the partners of the partnership shall not, without the prior written consent of Franchisor, admit additional general partners, remove a general partner, or otherwise materially alter the powers of any general partner. Each general partner shall automatically be deemed a Principal of Franchisee.

12.3.4 A Principal shall not, without the prior written consent of Franchisor, transfer, pledge or otherwise encumber any interest of the Principal in Franchisee as shown in Exhibit C.

12.4 Conditions for Approval. Franchisor shall not unreasonably withhold any consent required by Section 12.3 above; provided, that if Franchisee proposes to transfer its obligations hereunder or any material asset, or if Franchisee or any Principal proposes to transfer any direct or indirect interest in Franchisee, Franchisor shall have the right to require any or all of the following as conditions of its approval:

12.4.1 The transferor shall have executed a general release, in a form satisfactory to Franchisor, of any and all claims against Franchisor and its affiliates, successors, and assigns, and their respective directors, officers, shareholders, partners, agents, representatives, servants, and employees in their corporate and individual capacities including, without limitation, claims arising under this Agreement, any other agreement between Franchisee and Franchisor or its affiliates, and federal, state, and local laws and rules;

12.4.2 The transferee of a Principal shall be designated as a Principal and each transferee who is designated a Principal shall enter into a written agreement, in a form satisfactory to Franchisor, agreeing to be bound as a Principal under the terms of this Agreement as long as such person or entity owns any interest in Franchisee; and, if the obligations of Franchisee were guaranteed by the transferor, the Principal shall guarantee the performance of all such obligations in writing in a form satisfactory to Franchisor;

12.4.3 After the transfer, Franchisee's new Principals shall meet Franchisor's educational, managerial, and business standards; each shall possess a good moral character, business reputation, and credit rating; have the aptitude and ability to operate the Restaurant, as may be evidenced by prior related business experience or otherwise; and have adequate financial resources and capital to operate the Restaurant;

12.4.4 If a proposed transfer would result in a change in control of Franchisee, at Franchisor's option, Franchisee (or transferee) shall execute, for a term ending on the expiration date of this Agreement the form of franchise agreement then being offered to new System franchisees, and such other ancillary agreements required by Franchisor for the business franchised hereunder, which agreements shall supersede this Agreement and its ancillary documents in all respects, and the terms of which may differ from the terms of this Agreement

including, without limitation, a higher royalty and advertising fee, and a different or modified Territory;

12.4.5 If a proposed transfer would result in a change in control of Franchisee, and if so requested by Franchisor, Franchisee, at its expense, shall upgrade the Restaurant to conform to the then-current standards and specifications of new Roy Rogers Restaurants then-being established in the System, and shall complete the upgrading and other requirements set forth in Section 5.10 above within the time specified by Franchisor;

12.4.6 All monetary obligations of Franchisee hereunder shall be paid in full on a current basis, and Franchisee must not be otherwise in default of any of its obligations hereunder including, without limitation, its reporting obligations;

12.4.7 The transferor shall remain liable for all of the obligations to Franchisor in connection with the Restaurant that arose prior to the effective date of the transfer, and any covenants that survive the termination or expiration of this Agreement, and shall execute any and all instruments reasonably requested by Franchisor to evidence such liability;

12.4.8 At Franchisee's expense, one (1) Principal designated by Franchisor to be a new Operating Partner shall successfully complete (to Franchisor's satisfaction) all training programs required by Franchisor upon such terms and conditions as Franchisor may reasonably require (and while Franchisor will not charge a fee for attendance at such training programs, the transferee shall be responsible for the salary and all expenses of the person who attends training);

12.4.9 If a proposed transfer would result in a change in control of Franchisee, and to compensate Franchisor for Franchisor's legal, accounting, training, and other expenses incurred in connection with the transfer, Franchisee shall pay Franchisor a transfer fee in the amount of one half (1/2) the then-current Initial Franchise Fee for new franchisees under the System at the time of the transfer. One-half (1/2) of the transfer fee shall be paid at the time Franchisee submits its request to Franchisor for consideration of the proposed transfer, and such amount shall be non-refundable. The balance of the transfer fee shall be paid at the time the transfer is consummated or closes. In addition, in the event a proposed transfer is not consummated or closed, for any reason except for disapproval by Franchisor, Franchisee or the proposed transferee shall reimburse Franchisor for all of its costs and expenses incurred in connection with its evaluation of the proposed transfer, including, without limitation, attorneys' and accountants' fees, background checks, site evaluation, and training, if applicable, to the extent the portion of the transfer fee paid when the transfer approval request was made does not cover those costs and expenses.

12.4.10 The transferor must acknowledge and agree that the transferor shall remain bound by the covenants contained in Sections 15.2 and 15.3 below.

12.5 Right of First Refusal.

12.5.1 If Franchisee or any Principal desires to accept any *bona fide* offer from a third party to purchase Franchisee, any material assets of Franchisee, or any direct or indirect

interest in Franchisee, Franchisee or such Principal shall promptly notify Franchisor of such offer and shall provide such information and documentation relating to the offer as Franchisor may require. Franchisor shall have the right and option, exercisable within thirty (30) days after receipt of all such information, to send written notice to the seller that Franchisor intends to purchase the seller's interest on the same terms and conditions offered by the third party. If Franchisor elects to purchase the seller's interest, the closing on such purchase shall occur within sixty (60) days from the date of notice to the seller of the election to purchase by Franchisor.

12.5.2 Any material change in the terms of the offer prior to closing shall constitute a new offer subject to the same rights of first refusal by Franchisor as in the case of the third party's initial offer. Failure of Franchisor to exercise the option afforded by this Section 12.5 shall not constitute a waiver of any other provision of this Agreement, including all of the requirements of this Section 12, with respect to a proposed transfer.

12.5.3 In the event the consideration, terms, and/or conditions offered by a third party are such that Franchisor may not reasonably be required to furnish the same consideration, terms, and/or conditions, then Franchisor may purchase the interest proposed to be sold for the reasonable equivalent in cash. If the parties cannot agree within a reasonable time on the reasonable equivalent in cash of the consideration, terms, and/or conditions offered by the third party, they must attempt to appoint a mutually-acceptable independent appraiser to make a binding determination. If the parties are unable to agree upon one (1) independent appraiser, then an independent appraiser shall be promptly designated by Franchisor and another independent appraiser shall be promptly designated by Franchisee, which two (2) appraisers shall, in turn, promptly designate a third appraiser; all three (3) appraisers shall promptly confer and reach a single determination, which determination shall be binding upon Franchisor and Franchisee. The cost of any such appraisal shall be shared equally by Franchisor and Franchisee. If Franchisor elects to exercise its right under this Section 12.5, Franchisor shall have the right to set off all amounts due from Franchisee, and one-half (½) of the cost of the appraisal, if any, against any payment to the seller.

12.6 Transfer Upon Death. Upon the death of a Principal, the deceased's executor, administrator, or other personal representative shall transfer the deceased's interest to a third party approved by Franchisor within twelve (12) months after the death. If no personal representative is designated or appointed or no probate proceedings are instituted with respect to the deceased's estate, then the distributee of such interest must be approved by Franchisor. If the distributee is not approved by Franchisor, then the distributee shall transfer the deceased's interest to a third party approved by Franchisor within twelve (12) months after the deceased's death.

12.7 Transfer Upon Permanent Disability. Upon the permanent disability of any Principal with a controlling interest in Franchisee, Franchisor shall have the right to require such interest to be transferred to a third party in accordance with the conditions described in this Section 12 within six (6) months after notice to Franchisee. "**Permanent Disability**" shall mean any physical, emotional, or mental injury, illness, or incapacity that would prevent a person from performing the obligations set forth in this Agreement for at least six (6) consecutive months and

from which condition recovery within six (6) consecutive months from the date of determination of disability is unlikely. Permanent disability shall be determined by a licensed practicing physician selected by Franchisor upon examination of such person or, if such person refuses to be examined, then such person shall automatically be deemed permanently disabled for the purposes of this Section 12.7 as of the date of refusal. Franchisor shall pay the cost of the required examination.

12.8 Notification Upon Death or Permanent Disability. Upon the death or permanent disability any Principal of Franchisee, such person or his representative shall promptly notify Franchisor of such death or claim of permanent disability. Any transfer upon death or permanent disability shall be subject to the same terms and conditions as any *inter vivos* transfer. Upon the death or permanent disability of Franchisee or the Operating Partner, Franchisor shall have the right, in its sole discretion, to immediately enter the premises of the Restaurant and operate the Restaurant until such time as Franchisor determines is necessary. In such case, Franchisee shall pay to Franchisor a reasonable management fee, which fee shall be set forth in the Manuals, to compensate Franchisor for its costs and expenses in connection with the operation of the Restaurant pursuant to this Section 12.8.

12.9 No Waiver of Claims. Franchisor's consent to a transfer which is the subject of this Section 12 shall not constitute a waiver of any claims it may have against the transferring party, nor shall it be deemed a waiver of Franchisor's right to demand exact compliance with any of the terms of this Agreement by the transferor or transferee.

12.10 Insolvency. If Franchisee or any person holding any interest (direct or indirect) in Franchisee becomes a debtor in a proceeding under the U.S. Bankruptcy Code or any similar law in the U.S. or elsewhere, it is the parties' understanding and agreement that any transfer of Franchisee, Franchisee's obligations and/or rights hereunder, any material assets of Franchisee, or any indirect or direct interest in Franchisee shall be subject to all of the terms of this Section 12, including without limitation the terms of Sections 12.3, 12.4, and 12.5 above.

12.11 Securities Offerings. All materials for an offering of stock or partnership interests in Franchisee or any affiliate of Franchisee which are required by federal or state law shall be submitted to Franchisor for review as described below before such materials are filed with any government agency. Any materials to be used in any exempt offering shall be submitted to Franchisor for such review prior to their use. No offering by Franchisee or any affiliate of Franchisee shall imply (by use of the Proprietary Marks or otherwise) that Franchisor is participating in an underwriting, issuance, or offering of the securities of Franchisee or Franchisee's affiliates; and Franchisor's review of any offering shall be limited solely to the relationship between Franchisor and Franchisee and any subsidiaries and affiliates, if applicable. Franchisor may, at its option, require the offering materials to contain a written statement prescribed by Franchisor concerning the limitations stated in the preceding sentence. Franchisee (and the offeror if not Franchisee), the Principals, and all other participants in the offering must fully indemnify Franchisor, its subsidiaries, affiliates, successor, and assigns, and their respective directors, officers, shareholders, partners, agents, representatives, servants, and employees in connection with the offering. For each proposed offering, Franchisee shall pay Franchisor a non-

refundable fee of Five Thousand Dollars (\$5,000) or such greater amount as is necessary to reimburse Franchisor for its reasonable costs and expenses (including legal and accounting fees) for reviewing the proposed offering. Franchisee shall give Franchisor written notice at least thirty (30) days before the date that any offering or other transaction described in this Section 12.11 commences. Any such offering shall be subject to all of the other provisions of this Section 12, including without limitation the terms set forth in Sections 12.3, 12.4, 12.5; and further, without limiting the foregoing, it is agreed that any such offering shall be subject to Franchisor's approval as to the structure and voting control of the offeror (and Franchisee, if Franchisee is not the offeror) after the financing is completed.

12.12 Transfers to Entities for the Convenience of Ownership. If Franchisee desires to transfer all of its interest in this Agreement, or if all of the Principals of Franchisee desire to transfer all of their ownership interests in Franchisee, to a corporation, limited liability company, or other entity, solely for the convenience of ownership and/or for tax or estate planning reasons, Franchisor shall not unreasonably withhold its consent to such transfer, and Franchisor shall not require that Franchisee comply with the provisions and conditions of Section 12.4 or Section 12.5, if Franchisee complies with all of the following conditions:

12.12.1 Franchisee shall provide written notice to Franchisor not less than thirty (30) days prior to the date of the proposed transfer, and shall provide Franchisor with such documents and information as Franchisor may request in support of Franchisee's request, which may include, among other things, entity formation and good standing certifications, evidence of insurance in the name of the new franchisee entity, and bank information for the new franchisee entity.

12.12.2 Franchisee and its Principal(s) shall own all of the outstanding equity interests in the new franchisee entity, and shall own the same percentage ownership interests in the new franchisee entity as they own in Franchisee, and if Franchisee is an individual, Franchisee shall own 100% of the outstanding voting equity interests in the new franchisee entity.

12.12.3 The Principal(s) of the new franchisee entity shall execute a Guaranty in the form attached as Exhibit B hereto.

12.5.4 Franchisee and its Principals shall comply with the provisions of Sections 12.4.1, 12.4.2, 12.4.6, 12.4.7, and 12.4.10 of this Agreement, and the new franchisee entity and its Principal(s) shall comply with Section 5.15 of this Agreement.

12.5.5 Franchisee and its Principal(s) shall execute such transfer documents, agreements and other materials as Franchisor may require.

13. DEFAULT AND TERMINATION

13.1 Automatic Termination. Franchisee shall be deemed to be in default under this Agreement, and all rights granted herein shall automatically terminate without notice to Franchisee, if Franchisee shall become insolvent or makes a general assignment for the benefit of

creditors; or if a petition in bankruptcy is filed by Franchisee or such a petition is filed against and not opposed by Franchisee; or if Franchisee is adjudicated a bankrupt or insolvent; or if a bill in equity or other proceeding for the appointment of a receiver of Franchisee or other custodian for Franchisee's business or assets is filed and consented to by Franchisee; or if a receiver or other custodian (permanent or temporary) of Franchisee's assets or property, or any part thereof, is appointed by any court of competent jurisdiction; or if proceedings for a composition with creditors under any state or federal law should be instituted by or against Franchisee; or if a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless unappealed or a supersedeas bond is filed); or if Franchisee is dissolved; or if execution is levied against Franchisee's business or property; or if suit to foreclose any lien or mortgage against the Restaurant premises or equipment is instituted against Franchisee and not dismissed within thirty (30) days; or if the real or personal property of Franchisee's Restaurant shall be sold after levy thereupon by any sheriff, marshal, or constable.

13.2 Termination Upon Notice Without Opportunity to Cure. Franchisee shall be deemed to be in default and Franchisor may, at its option, terminate this Agreement and all rights granted hereunder, without affording Franchisee any opportunity to cure the default, effective immediately upon the delivery of written notice to Franchisee by Franchisor (in the manner set forth under Section 20 below), upon the occurrence of any of the following events:

13.2.1 If Franchisee fails to construct and open the Restaurant within the time limits as provided in Section 5.3 above, and within the requirements set forth in Section 5.4 above;

13.2.2 If Franchisee at any time ceases to operate or otherwise abandons the Restaurant for two (2) consecutive business days, or loses the right to possession of the premises, or otherwise forfeits the right to do or transact business in the jurisdiction where the Restaurant is located; provided, however, that if, through no fault of Franchisee, the premises are damaged or destroyed by an event such that repairs or reconstruction cannot be completed within ninety (90) days thereafter, then Franchisee shall have thirty (30) days after such event in which to apply for Franchisor's approval to relocate and/or reconstruct the premises, which approval shall not be unreasonably withheld;

13.2.3 If Franchisee or any Principal is convicted of a felony, a crime involving moral turpitude, or any other crime or offense that Franchisor believes is reasonably likely to have an adverse effect on the System, the Proprietary Marks, the goodwill associated therewith, or Franchisor's interest therein;

13.2.4 If a threat or danger to public health or safety results from the construction, maintenance, or operation of the Restaurant;

13.2.5 If Franchisee or any Principal purports to transfer any rights or obligations under this Agreement or any interest to any third party in a manner that is contrary to the terms of Section 12 above;

13.2.6 If Franchisee fails to comply with the covenants in Section 15.2 below or fails to timely obtain execution of the covenants required under Section 15.5 below;

13.2.7 If, contrary to the terms of Sections 7 or 8 above, Franchisee discloses or divulges the contents of the Manuals or other confidential information provided to Franchisee by Franchisor;

13.2.8 If Franchisee knowingly maintains false books or records, or submits any false reports (including, but not limited to, information provided as part of Franchisee's application for this franchise) to Franchisor;

13.2.9 If Franchisee commits three (3) or more defaults under this Agreement in any twelve (12) month period, whether or not each such default has been cured after notice;

13.2.10 If, during any twelve (12) month period of this Agreement, three (3) checks are returned to Franchisee for payments to Franchisor as described in Section 4.3 above;

13.2.11 If Franchisee sells products not previously approved by Franchisor, or purchases any product from a supplier not previously approved by Franchisor;

13.2.12 If Franchisee engages in any conduct or practice that is fraudulent, unfair, unethical, or a deceptive practice; and/or

13.2.13 If Franchisee makes any unauthorized or improper use of the Proprietary Marks, or if Franchisee or a Principle of Franchisee fails to utilize the Proprietary Marks solely in the manner and for the purposes directed by Franchisor, or directly or indirectly contests the validity of Franchisor's ownership of the Proprietary Marks or its right to use and to license others to use the Proprietary Marks.

13.3 Termination With Opportunity to Cure. Except as otherwise provided in Sections 13.1 and 13.2 above, upon any other default by Franchisee of its obligations hereunder, Franchisor may terminate this Agreement only by giving written notice of termination (in the manner set forth under Section 20 below) setting forth the nature of such default to Franchisee at least thirty (30) days prior to the effective date of termination; provided, however, that Franchisee may avoid termination by immediately initiating a remedy to cure such default, curing it to Franchisor's satisfaction, and by promptly providing proof thereof to Franchisor, all within the thirty (30) day period. If any such default is not cured within the specified time, this Agreement shall terminate without further notice to Franchisee effective immediately upon the expiration of the thirty (30) day period or such longer period as applicable law may require.

13.4 Franchisor's Right to Enter and Operate the Restaurant. Notwithstanding anything to the contrary contained in this Section 13, if Franchisee commits a default pursuant to Sections 13.2.2, 13.2.3 or 13.2.4 of this Agreement, Franchisor shall have the right, in its sole discretion, to immediately enter the premises of the Restaurant and operate the Restaurant until such time as Franchisor determines is necessary. In such case, Franchisee shall pay to Franchisor a reasonable management fee, which fee shall be set forth in the Manuals, to

compensate Franchisor for its costs and expenses in connection with the operation of the Restaurant pursuant to this Section 13.4.

13.5 Extended Notice of Termination. If any law applicable to this Section 13, or Section 2 above, requires a longer notice period prior to termination of this Agreement, or prior to a refusal to enter into a successor or renewal franchise, than is required hereunder, a different standard of “good cause”, or the taking of some other action not required hereunder, the prior notice, “good cause” standard, and/or other action required by such law shall be substituted for the comparable provisions hereof.

13.6 Assignment Upon Bankruptcy. If, for any reason, the Agreement is not terminated pursuant to this Section 13, and the Agreement is assumed, or assignment of the same to any person or entity who has made a *bona fide* offer to accept an assignment of the Agreement is contemplated, pursuant to the United States Bankruptcy Code, then notice of such proposed assignment or assumption, setting forth (i) the name and address of the proposed assignee, and (ii) all of the terms and conditions of the proposed assignment and assumption, shall be given to Franchisor within twenty (20) days after receipt of such proposed assignee’s offer to accept assignment of the Agreement, and, in any event, within ten (10) days prior to the date application is made to a court of competent jurisdiction for authority and approval to enter into such assignment and assumption, and Franchisor shall thereupon have the prior right and option, to be exercised by notice given at any time prior to the effective date of such proposed assignment and assumption, to accept an assignment of the Agreement to Franchisor itself upon the same terms and conditions and for the same consideration, if any, as in the *bona fide* offer made by the proposed assignee, less any brokerage commissions which may be payable by Franchisee out of the consideration to be paid by such assignee for the assignment of the Agreement.

13.7 Other Remedies. If Franchisor is entitled to terminate this Agreement in accordance with Sections 13.2 or 13.3 above, Franchisor shall have the right to undertake any one or more of the following actions instead of terminating this Agreement:

13.7.1 Franchisor may terminate or modify any rights that Franchisee may have with respect to “exclusivity” in the Territory, as granted under Section 1.2 above, effective ten (10) days after delivery of written notice thereof to Franchisee; and/or

13.7.2 Franchisor may modify, or eliminate completely, the Territory described in Section 1.3 above.

If any of such rights, options, arrangements, or areas are terminated or modified in accordance with this Section 13.7, such action shall be without prejudice to Franchisor’s right to terminate this Agreement in accordance with Sections 13.2 or 13.3 above, and/or to terminate any other rights, options or arrangements under this Agreement at any time thereafter for the same default or as a result of any additional defaults of the terms of this Agreement.

14. OBLIGATIONS UPON TERMINATION OR EXPIRATION

Upon termination or expiration of this Agreement, all rights granted hereunder to

Franchisee shall forthwith terminate, and:

14.1 Cease Operations. Franchisee shall immediately cease to operate the Restaurant, and shall not thereafter, directly or indirectly, represent to the public or hold itself out as a present or former franchisee of Franchisor.

14.2 Cease Use of Marks. Franchisee shall immediately and permanently cease to use, in any manner whatsoever, any confidential methods, procedures and techniques associated with the System, the mark “Roy Rogers” and all other Proprietary Marks and distinctive forms, slogans, signs, symbols, and devices associated with the System. In particular, Franchisee shall cease to use, without limitation, all signs, advertising materials, displays, stationery, forms, and any other articles that display the Proprietary Marks. Franchisee shall, at its sole expense, take such actions and do such things to give effect to this Section 14.2, and such other “de-identification” obligations set forth in this Section 14, in the Manuals, and in any post-termination or post-expiration instructions provided by Franchisor.

14.3 Cancellation of Assumed Names. Franchisee shall take such action as may be necessary to cancel any assumed name or equivalent registration which contains the mark “Roy Rogers”, and all other Proprietary Marks, and/or any other service mark or trademark of Franchisor, and Franchisee shall furnish Franchisor with evidence satisfactory to Franchisor of compliance with this obligation within five (5) days after termination or expiration of this Agreement.

14.4 Assign Lease, Modification of Premises. If Franchisor does not elect or is unable to exercise any option it may have to acquire the lease or sublease for the premises of the Restaurant, or otherwise acquire the right to occupy the premises, Franchisee shall make such modifications or alterations to the premises operated hereunder (including, without limitation, the changing of the telephone number) immediately upon termination or expiration of this Agreement as may be necessary to distinguish the appearance of said premises from that of other Restaurants, and shall make such specific additional changes thereto as Franchisor may reasonably request for that purpose. In addition, Franchisee shall cease use of, and if Franchisor requests shall transfer to Franchisor, all telephone numbers, customer “loyalty” lists, and any domain names, websites, e-mail addresses, and any other identifiers, whether or not authorized by Franchisor, used by Franchisee while operating the Restaurant, and shall promptly execute such documents or take such steps necessary to remove reference to the Restaurant from all trade or business telephone directories, including “yellow” and “white” pages, or at Franchisor’s request transfer same to Franchisor. If Franchisee fails or refuses to comply with the requirements of this Section 14.4, Franchisor (or its designee) shall have the right to enter upon the premises of the Restaurant, 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 agrees to pay upon demand.

14.5 No Confusion. Franchisee agrees, if it continues to operate or subsequently begins to operate any other business, not to use any reproduction, counterfeit copy, or colorable imitation of the Proprietary 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 rights in and to the Proprietary Marks, and further agrees not to utilize any designation of origin, description, trademark, service mark, or representation which suggests or represents a present or past association or connection with Franchisor, the System, or the Proprietary Marks.

14.6 Pay Monies Owed. Franchisee shall promptly pay all sums owing to Franchisor and its subsidiaries and affiliates (regardless whether those obligations arise under this Agreement or otherwise). 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.

14.7 Damages and Costs. Franchisee shall pay Franchisor all damages, costs, and expenses, including reasonable attorneys' fees, incurred by Franchisor subsequent to the termination or expiration of this Agreement in obtaining injunctive or other relief for the enforcement of any provisions of this Section 14.

14.8 Return of Manuals. Franchisee shall immediately deliver to Franchisor the Manuals and all other manuals, records, and instructions containing confidential information (including without limitation any copies thereof, even if such copies were made in violation of this Agreement), all of which are acknowledged to be the property of Franchisor.

14.9 Option to Purchase Furnishings and Equipment. Franchisor shall have the option, to be exercised within thirty (30) days after termination or default under Franchisee's lease for the Approved Location, to purchase from Franchisee any or all of the furnishings, equipment, signs, fixtures, supplies, or inventory of Franchisee related to the operation of the Restaurant, at the lesser of Franchisee's cost or fair market value. The cost shall be determined based upon a five (5) year straight-line depreciation of original costs. For equipment that is five (5) or more years old, the parties agree that fair market value shall be deemed to be ten percent (10%) of the equipment's original cost. If Franchisor elects to exercise any option to purchase herein provided, it shall have the right to set off all amounts due from Franchisee.

14.10 Right to Enter and Operate. In order to preserve the goodwill of the System following termination, Franchisor (or its designee) shall have the right to enter the Restaurant (without liability to Franchisee, Franchisee's Principals, or otherwise) for the purpose continuing the Restaurant's operation and maintaining the goodwill of the business.

15. COVENANTS

15.1 Full Time and Best Efforts. Franchisee covenants that during the term of this Agreement, except as otherwise approved in writing by Franchisor, Franchisee (or one (1) of the Highly Trained Personnel who will assume primary responsibility for the franchise operations and shall have been previously approved in writing by Franchisor) shall devote full time, energy, and best efforts to the management and operation of the Restaurant.

15.2 In-Term Covenants. Franchisee specifically acknowledges that, pursuant to this Agreement, Franchisee will receive valuable specialized training and confidential information, including, without limitation, information regarding the operational, sales, promotional, and marketing methods and techniques of Franchisor and the System. Franchisee covenants that during the term of this Agreement, except as otherwise approved in writing by Franchisor, Franchisee shall not, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person, persons, partnership, corporation, or entity:

15.2.1 Divert or attempt to divert any business or customer of the Restaurant or of any Restaurant using the System 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 Franchisor's Proprietary Marks and the System.

15.2.2 Unless released in writing by the employer, employ or seek to employ any person who is at that time employed by Franchisor or by any other franchisee or developer of Franchisor, or otherwise directly or indirectly induce such person to leave his or her employment.

15.2.3 Own, maintain, operate, engage in, or have any interest in any restaurant business which is located at the Approved Location and which business is, or is intended to be, the same as or similar to the Restaurant. "Same or similar," for the purpose of this Section 15.2.3 and Section 15.3 shall include, among other things, the offer and sale of the same or similar products.

15.3 Post-Term Non-Competition. Franchisee covenants that, except as otherwise approved in writing by Franchisor, it shall not, for a continuous uninterrupted period of two (2) years from the date of: (a) a transfer permitted under Section 12 above; (b) expiration or termination of this Agreement (regardless of the cause for termination); or (c) a final order of a duly authorized arbitrator, panel of arbitrators, or a court of competent jurisdiction (after all appeals have been taken) with respect to any of the foregoing or with respect to the enforcement of this Section 15.3; either directly or indirectly (through, on behalf of, or in conjunction with any persons, partnership, corporation or entity), own, maintain, operate, engage in, or have any interest in any restaurant business which is located at the Approved Location and which business is, or is intended to be, the same as or similar to the Restaurant.

15.4 Publicly-Held Corporations. Section 15.3 above shall not apply to ownership by Franchisee of less than five percent (5%) beneficial interest in the outstanding equity securities of any publicly-held corporation. As used in this Agreement, the term "publicly-held corporation" shall be deemed to refer to a corporation which has securities that have been registered under the Securities Exchange Act of 1934.

15.5 Individual Covenants. Franchisee shall require and obtain execution of covenants similar to those set forth in Sections 6.3.3, 8, 12, 14, and this Section 15 (as modified to apply to an individual) from any or all of Franchisee's Principals and Highly Trained Personnel. The covenants required by this Section 15.5 shall be in the form provided in Exhibit G to this

Agreement. Failure by Franchisee to obtain execution of a covenant required by this Section 15.5 shall constitute a default under Section 13.2.6 above.

15.6 Severability. The parties agree that 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 Section 15 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 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 Section 15.

15.7 Scope of Covenants. Franchisee understands and acknowledges that Franchisor shall have the right to reduce the scope of any covenant set forth in Sections 15.2 and 15.3 in this Agreement, or any portion thereof, without Franchisee's consent, effective immediately upon receipt by Franchisee of written notice thereof; and Franchisee agrees that it shall comply forthwith with any covenant as so modified, which shall be fully enforceable notwithstanding the provisions of Section 22 below.

15.8 Enforcement of Claims. Franchisee expressly agrees that the existence of any claims it may have against Franchisor, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by Franchisor of the covenants in this Section 15. Franchisee agrees to pay all costs and expenses (including reasonable attorneys' fees) incurred by Franchisor in connection with the enforcement of this Section 15.

15.9 Irreparable Injury. Franchisee acknowledges that Franchisee's violation of the terms of this Section 15 would result in irreparable injury to Franchisor for which no adequate remedy at law may be available, and Franchisee accordingly consents to the issuance of an injunction prohibiting any conduct by Franchisee in violation of the terms of this Section 15.

16. TAXES, PERMITS, AND INDEBTEDNESS

16.1 Taxes. Franchisee shall promptly pay when due all taxes levied or assessed, including, without limitation, unemployment and sales taxes, and all accounts and other indebtedness of every kind incurred by Franchisee in the conduct of the business franchised under this Agreement. If Franchisee is required to deduct any sales tax, gross receipts tax, income tax, withholding tax or similar tax from any payment to Franchisor, then, to the extent that Franchisor is not able to successfully obtain and utilize a tax credit from the applicable taxing authorities, the amount payable by Franchisee shall be increased by such amount as is necessary to make the actual amount received (after such withholding tax and after any additional taxes on account of such additional payment) equal to the amount that Franchisor would have received had no tax payment been required, provided that such shortfall is not caused by Franchisor's negligence in filing the claims, or for reasons that can be solely attributable to Franchisor.

16.2 Tax Disputes. In the event of any bona fide dispute as to Franchisee's liability for taxes assessed or other indebtedness, Franchisee may contest the validity or the amount of the tax or indebtedness in accordance with procedures of the taxing authority or applicable law; however, in no event shall Franchisee permit a tax sale or seizure by levy of execution or similar writ or warrant, or attachment by a creditor, to occur against the premises of the Restaurant, or any improvements thereon.

16.3 Compliance With Laws. Franchisee shall comply with all federal, state, and local laws, rules, and regulations, and shall timely obtain any and all permits, certificates, or licenses necessary for the full and proper conduct of the business franchised under this Agreement, including, without limitation, licenses to do business, health certificates, food handler's permits, fictitious name registrations, sales tax permits, and fire clearances. To the extent that the requirements of said laws are in conflict with the terms of this Agreement, the Manuals, or other instructions of Franchisor, Franchisee shall: (a) comply with said laws; and (b) immediately provide written notice describing the nature of such conflict to Franchisor.

16.4 Notification of Claims. Franchisee shall notify Franchisor in writing within five (5) days of receipt of notice of any health or safety violation, 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, or within five (5) days occurrence of any accident or injury which may adversely affect the operation of the Restaurant or the financial condition of Franchisee, or give rise to liability or a claim against Franchisee or Franchisor.

17. INDEPENDENT CONTRACTOR AND INDEMNIFICATION

17.1 Independent Contractors. It is understood and agreed by the parties hereto that this Agreement does not create a fiduciary relationship between them; that Franchisee shall be an independent contractor; and, 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.

17.2 Identification as Independent Contractor. At all times during the term of this Agreement and any extensions hereof, Franchisee shall hold itself out to the public as an independent contractor operating the business pursuant to a franchise from Franchisor.

17.3 No Agency. It is understood and agreed that nothing in this Agreement authorizes Franchisee 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 shall in no event assume liability for, or be deemed liable hereunder as a result of, any such action; nor shall Franchisor be liable by reason of any act or omission of Franchisee in its conduct of the Restaurant or for any claim or judgment arising therefrom against Franchisee or Franchisor.

17.4 Indemnification. Franchisee shall, to the fullest extent permissible under applicable law, indemnify and hold Franchisor and its affiliates, and their respective officers, directors, employees, and agents harmless against any and all claims, obligations, and damages

arising directly or indirectly from, as a result of, or in connection with Franchisee's operation of the Restaurant (including, without limitation, operation of any other sales/distribution opportunities), the business conducted under this Agreement, or Franchisee's breach of this Agreement, including, without limitation, those alleged to be caused by Franchisor's negligence, as well as the costs, including attorneys' fees, of defending against them, unless (and then only to the extent that) the claims, obligations, and damages are determined to be caused solely by Franchisor's gross negligence or willful misconduct according to a final, unappealable ruling issued by a court or arbitrator with competent jurisdiction. In the event Franchisor incurs any costs or expenses, including, without limitation, legal fees, travel expenses, and other charges, in connection with any proceeding involving Franchisee in which Franchisor is not a party, Franchisee shall reimburse Franchisor for all such costs and expenses promptly upon presentation of invoices. Franchisee acknowledges and agrees that Franchisee's indemnification and hold harmless obligations under this Section 17.4 shall survive the termination or expiration of this Agreement.

18. FORCE MAJEURE

18.1 Force Majeure. Neither party shall be responsible to the other for non-performance or delay in performance occasioned by causes beyond its control, including without limiting the generality of the foregoing: (a) acts of God; (b) acts of war, terrorism, or insurrection; (c) strikes, lockouts, labor actions, boycotts, floods, fires, hurricanes, tornadoes, and/or other casualties; and/or (d) the inability of Franchisor and/or its affiliates or suppliers to manufacture, purchase, and/or cause delivery of any products used in the operation of the Restaurant.

18.2 Remitting Funds. The inability of either party to obtain and/or remit funds shall be considered within control of such party for the purpose of Section 18.1 above. If any such delay occurs, any applicable time period shall be automatically extended for a period equal to the time lost; provided, however, that the party affected makes reasonable efforts to correct the reason for such delay and gives to the other party prompt notice of any such delay; and further provided, however, that Franchisee shall remain obligated to promptly pay all fees owing and due to Franchisor hereunder, without any such delay or extension.

19. APPROVALS AND WAIVERS

19.1 Approvals. Whenever this Agreement requires the prior approval or consent of Franchisor, Franchisee shall make a timely written request to Franchisor therefor, and such approval or consent must be obtained in writing.

19.2 No Warranties. Franchisee acknowledges and agrees that Franchisor makes no warranties or guarantees upon which Franchisee may rely, and assumes no liability or obligation to Franchisee, by providing any waiver, approval, consent, or suggestion to Franchisee in connection with this Agreement, or by reason of any neglect, delay, or denial of any request therefor.

19.3 Waivers. No delay, waiver, omission, or forbearance on the part of Franchisor to exercise any right, option, duty, or power arising out of any breach or default by Franchisee or any other franchisee under any of the terms, provisions, covenants, or conditions of this Agreement, and no custom or practice by the parties at variance with the terms of this Agreement, shall constitute a waiver by Franchisor to enforce any such right, option, duty, or power as against Franchisee, or as to subsequent breach or default by Franchisee. Subsequent acceptance by Franchisor of any payments due to it hereunder shall not be deemed to be a waiver by Franchisor of any preceding or succeeding breach by Franchisee of any terms, provisions, covenants, or conditions of this Agreement.

20. NOTICES

Any and all notices required or permitted under this Agreement shall be in writing and shall be personally delivered, sent by registered mail, sent by a recognized overnight delivery service (e.g., UPS, FedEx, etc.) or by other means which affords the sender evidence of delivery, or of rejected delivery, to the respective parties at the addresses shown on Exhibit A of this Agreement, unless and until a different address has been designated by written notice to the other party. Any notice by a means which affords the sender evidence of delivery, or rejected delivery, shall be deemed to have been given at the date and time of receipt or rejected delivery.

21. ENTIRE AGREEMENT AND AMENDMENT

This Agreement and the exhibits referred to herein constitute the entire, full, and complete Agreement between Franchisor and Franchisee concerning the subject matter hereof, and supersede all prior agreements, no other representations having induced Franchisee to execute this Agreement (other than the Franchise Disclosure Document, its exhibits and attachments, that were provided to Franchisee in connection with this Agreement). Except for those permitted to be made unilaterally by Franchisor hereunder, no amendment, change, or variance from this Agreement shall be binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing.

22. SEVERABILITY AND CONSTRUCTION

22.1 Severability. If any of the provisions of this Agreement may be construed in more than one way, one of which would render the provision illegal or otherwise voidable or unenforceable, such provision shall have the meaning which renders it valid and enforceable. The language of all provisions of this Agreement shall be construed according to its fair meaning and not strictly against any party. In the event any court or other government authority shall determine any provision in this Agreement is not enforceable as written, the parties agree that the provision shall be amended so that it is enforceable to the fullest extent permissible under the laws and public policies of the jurisdiction in which enforcement is sought and affords the parties the same basic rights and obligations and has the same economic effect. If any provision in this Agreement is held invalid or otherwise unenforceable by any court or other government authority or in any arbitration proceeding, such findings shall not invalidate the remainder of the agreement unless in the reasonable opinion of Franchisor the effect of such determination has the

effect of frustrating the purpose of this Agreement, whereupon Franchisor shall have the right by notice in writing to the other party to immediately terminate this Agreement.

22.2 No Other Rights. Except as expressly provided to the contrary herein, nothing in this Agreement is intended, nor shall be deemed, to confer upon any person or legal entity other than Franchisee, Franchisor, and such of Franchisee's and Franchisor's respective successors and assigns as may be contemplated (and, as to Franchisee, permitted) by Section 12 above, any rights or remedies under or by reason of this Agreement.

22.3 Enforceability of Covenants. Franchisee expressly agrees to be bound by any promise or covenant imposing the maximum duty permitted by law which is subsumed within the terms of any provision of this Agreement, as though it were separately articulated 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 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.

22.4 Construction. 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.

22.5 Survival of Provisions. All provisions of this Agreement which, by their terms or intent, are designed to survive the expiration or termination of this Agreement, shall so survive the expiration and/or termination of this Agreement.

23. APPLICABLE LAW AND DISPUTE RESOLUTION

23.1 Governing Law. This Agreement takes effect upon its acceptance and execution by Franchisor, and shall be interpreted and construed exclusively under the laws of the State of Maryland, which laws shall prevail in the event of any conflict of law (without regard to, and without giving effect to, the application of Maryland choice-of-law rules); provided, however, that if the covenants in Section 15 of this Agreement would not be enforceable under the laws of Maryland, and the Restaurant is located outside of Maryland, then such covenants shall be interpreted and construed under the laws of the state in which the Restaurant is located. Nothing in this Section 23.1 is intended by the parties to subject this Agreement to any franchise or similar law, rule, or regulation of the State of Maryland to which this Agreement would not otherwise be subject.

23.2 Venue. Subject to Section 23.3 below, the parties agree that any action brought by Franchisee against Franchisor in any court, whether federal or state, shall be brought within such state and in the judicial district in which Franchisor has its principal place of business at the time the action is commenced. Any action brought by Franchisor against Franchisee in any court, whether federal or state, may be brought within the state and judicial district in which Franchisor has its principal place of business at the time the action is commenced. The parties agree that this Section 23.2 shall not be construed as preventing either party from removing an

action from state to federal court; provided, however, that venue shall be as set forth above. Franchisee hereby waives all questions of personal jurisdiction or venue for the purpose of carrying out this provision. Any such action shall be conducted on an individual basis, and not as part of a consolidated, common, or class action.

23.3 Mediation. Before any party may bring an action in court against the other, the parties must first meet to mediate the dispute (except as otherwise provided below). Any such mediation shall be non-binding and shall be conducted by the International Institute for Conflict Prevention & Resolution (CPR), under the rules established by the International Franchise Association endorsed National Franchise Mediation Program, and in accordance with its then-current rules for mediation of franchise disputes (and in the event such program is not then in existence, by the American Arbitration Association in accordance with its then-current rules for mediation of commercial disputes). Notwithstanding anything to the contrary, this Section 23.3 shall not bar either party from obtaining 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, without having to engage in mediation.

23.3.1 The non-binding mediation provided for hereunder shall be commenced by the party requesting mediation (the “**complainant**”) providing written notice of the request for mediation (the “**request**”) to the party with whom mediation is sought (the “**respondent**”). The request shall specify with reasonable particularity the matter or matters on which non-binding mediation is sought. A copy of the request shall be given by the complainant simultaneously to Franchisor if Franchisor is not a complainant or respondent.

23.3.2 Non-binding mediation commenced hereunder shall be concluded within sixty (60) days of the issuance of the request or such longer period as may be agreed upon by the parties in writing. All aspects of the mediation process shall be treated as confidential, shall not be disclosed to others, and shall not be offered or admissible in any other proceeding or legal action whatever. Complainant and respondent shall each bear its own costs of mediation, and each shall bear one-half the cost of the mediator or mediation service.

23.4 No Exclusive Remedies. 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.

23.5 Injunctive Relief. 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.

23.6 Waiver of Jury Trial. **Franchisor and Franchisee irrevocably waive trial by jury in any action, proceeding, or counterclaim, whether at law or in equity, brought by either of them against the other, whether or not there are other parties in such action or proceeding.**

23.7 **Limitation of Actions.** Any and all claims and actions arising out of or relating to this Agreement, the relationship of Franchisee and Franchisor, or Franchisee's operation of the Restaurant, must be brought or asserted before the expiration of the earlier of (a) the time period for bringing an action under any applicable state or federal statute of limitations; (b) one (1) year after the date upon which a party discovered, or should have discovered, the facts giving rise to an alleged claim; or (c) two (2) years after the first act or omission giving rise to an alleged claim; or it is expressly acknowledged and agreed by all parties that such claims or actions shall be irrevocably barred. Claims of Franchisor attributable to underreporting of sales, and claims of the parties for failure to pay monies owed and/or indemnification shall be subject only to the applicable state or federal statute of limitations.

23.8 **Waiver of Damages.** Franchisor and Franchisee hereby waive to the fullest extent permitted by law any right to or claim of any punitive or exemplary damages against the other, and agree that in the event of a dispute between them each shall be limited to the recovery of any actual damages sustained by it.

24. ACKNOWLEDGMENTS

24.1 **Acknowledgements.** Franchisee acknowledges that it has conducted an independent investigation of the business franchised hereunder, recognizes that the business venture contemplated by this Agreement involves business risks, and that its success will be largely dependent upon the ability of Franchisee and if a corporation or a partnership or other business organization, its owners as independent businesspersons. Franchisor expressly disclaims the making of, and Franchisee acknowledges that it has not received from Franchisor or any employee, representative or other party purporting to act on Franchisee's behalf, any warranty, promise or guarantee, express or implied, as to the potential sales volume, profits, or success of the business venture contemplated by this Agreement.

24.2 **Receipt of Documents.** Franchisee acknowledges that it received a copy of this Agreement, the exhibit(s) hereto, and agreements relating hereto, along with the Franchise Disclosure Document required by the Federal Trade Commission Franchise Rule as required by applicable state and federal regulations.

24.3 **Representations and Warranties.** Franchisee and its Principals represent and warrant to Franchisor that: (a) neither Franchisee nor any of its Principals have made any untrue statement of any material fact nor omitted to state any material fact in its or their franchise application or in obtaining the rights granted herein; (b) neither Franchisee nor any of its Principals have any direct or indirect legal or beneficial interest in any business that may be deemed a competitive business, except as otherwise completely and accurately disclosed in its franchise application materials; and (c) neither Franchisee nor its Principals have been designated as suspected terrorists under U.S. Executive Order 13244. Franchisee recognizes that Franchisor approved Franchisee in reliance on all of the statements Franchisee and its Principals have made in connection therewith, and that Franchisee has a continuing obligation to advise

Franchisor of any material changes in these statements and representations made to Franchisor in this Agreement or in the franchise application.

24.4 No Other Obligations. Each party represents and warrants to the others that there are no other agreements, court orders, or any other legal obligations that would preclude or in any manner restrict such party from: (a) negotiating and entering into this Agreement; (b) exercising its rights under this Agreement; and/or (c) fulfilling its responsibilities under this Agreement.

24.5 No Other Representations. Franchisee acknowledges that it shall have sole and complete responsibility for the choice of the Approved Location; that Franchisor has not (and shall not be deemed to have (and shall not be deemed to have, even by Franchisor's approval of the site that is the Approved Location) given any representation, promise, or guarantee of Franchisee's success at the Approved Location; and that Franchisee shall be solely responsible for its own success at the Approved Location.

24.6 Modification of Offers. Franchisee acknowledges and agrees that Franchisor may modify the offer of its franchises to other franchisees in any manner and at any time, which offers and agreements have or may have terms, conditions, and obligations that may differ from the terms, conditions, and obligations in this Agreement.

24.7 Business Judgment. Franchisee understands and agrees that Franchisor may operate and change the System and its business in any manner that is not expressly and specifically prohibited by this Agreement. Whenever Franchisor has expressly reserved in this Agreement or is deemed to have a right and/or discretion to take or withhold an action, or to grant or decline to grant Franchisee a right to take or withhold an action, except as otherwise expressly and specifically provided in this Agreement, Franchisor may make such decision or exercise its right and/or discretion on the basis of Franchisor's judgment of what is in Franchisor's best interests, including without limitation Franchisor's judgment of what is in the best interests of the franchise network, at the time Franchisor's decision is made or its right or discretion is exercised, without regard to whether: (1) other reasonable alternative decisions or actions, or even arguably preferable alternative decisions or actions, could have been made by Franchisor; (2) Franchisor's decision or the action taken promotes Franchisor's financial or other individual interest; (3) Franchisor's decision or the action it takes applies differently to Franchisee and one or more other franchisees or Franchisor's company-owned or affiliate-owned operations; or (4) Franchisor's decision or the exercise of its right or discretion is adverse to Franchisee's interests. In the absence of an applicable statute, Franchisor will have no liability to Franchisee for any such decision or action. Franchisor and Franchisee intend that the exercise of Franchisor's right or discretion will not be subject to limitation or review. If applicable law implies a covenant of good faith and fair dealing in this Agreement, Franchisor and Franchisee agree that such covenant shall not imply any rights or obligations that are inconsistent with a fair construction of the terms of this Agreement and that this Agreement grants Franchisor the right to make decisions, take actions and/or refrain from taking actions not inconsistent with Franchisee's rights and obligations hereunder.

24.8 Consultation. Franchisee acknowledges that it has read and understood this Agreement, the exhibits hereto, and agreements relating thereto, if any, and that Franchisor has accorded Franchisee ample time and opportunity to consult with advisors of Franchisee's own choosing about the potential benefits and risks of entering into this Agreement.

IN WITNESS WHEREOF, the parties hereto have duly signed and delivered this Agreement in duplicate on the day and year first above written.

Roy Rogers Franchise Company, LLC

Franchisor

Franchisee Entity

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

ROY ROGERS
FRANCHISE AGREEMENT
EXHIBIT A

Approved Location and Territory

1. The Approved Location is: _____

_____.

2. The Territory is: _____

_____.

3. The designated address for notices under Section 20 of the Agreement should be as follows:

Notices to Franchisor:

Roy Rogers Franchise Company, LLC
4991 New Design Road, Suite 109
Frederick, Maryland 21703

Telephone: (301) 695-5051
Fax: (____) _____

Attn: President

Notices to Franchisee:

Telephone: _____

Fax: _____

Attn: _____

ROY ROGERS
FRANCHISE AGREEMENT
EXHIBIT B

GUARANTEE, INDEMNIFICATION, AND ACKNOWLEDGMENT

As an inducement to Roy Rogers Franchise Company (“**Franchisor**”) to execute the Roy Rogers Franchise Agreement between Franchisor and _____ (“**Franchisee**”), dated _____, 20____ (the “**Agreement**”), the undersigned, jointly and severally, hereby unconditionally guarantee to Franchisor and Franchisor’s successors and assigns that all of Franchisee’s monetary and other obligations under the Agreement will be punctually paid and performed.

Upon demand by Franchisor, the undersigned each hereby jointly and severally agree to immediately make each payment required of Franchisee under the Agreement and waive any right to require Franchisor to: (a) proceed against Franchisee for any payment required under the Agreement; (b) proceed against or exhaust any security from Franchisee; (c) pursue or exhaust any remedy, including any legal or equitable relief, against Franchisee; or (d) give notice of demand for payment by Franchisee. Without affecting the obligations of the undersigned under this Guarantee, Franchisor may, without notice to the undersigned, extend, modify, or release any indebtedness or obligation of Franchisee, or settle, adjust, or compromise any claims against Franchisee, and the undersigned each hereby jointly and severally waive notice of same and agree to remain and be bound by any and all such amendments and changes to the Agreement.

The undersigned each hereby jointly and severally agree to defend, indemnify and hold Franchisor harmless against any and all losses, damages, liabilities, costs, and expenses (including, but not limited to, reasonable attorney’s fees, reasonable costs of financial and other investigation, court costs, and fees and expenses) resulting from, consisting of, or arising out of or in connection with any failure by Franchisee to perform any obligation of Franchisee under the Agreement, any amendment thereto, or any other agreement executed by Franchisee referred to therein.

The undersigned each hereby jointly and severally acknowledge and expressly agree to be individually bound by all of the covenants contained in Sections 6.3.3, 8, 12, 14, and 15 of the Agreement, and acknowledge and agree that this Guarantee does not grant the undersigned any right to use the “Roy Rogers” marks or system licensed to Franchisee under the Agreement.

This Guarantee shall terminate upon the termination or expiration of the Agreement, except that all obligations and liabilities of the undersigned which arose from events which occurred on or before the effective date of such termination shall remain in full force and effect until satisfied or discharged by the undersigned, and all covenants which by their terms continue in force after the expiration or termination of the Agreement shall remain in force according to their terms. Upon the death of an individual guarantor, the estate of such guarantor shall be

bound by this Guarantee, but only for defaults and obligations hereunder existing at the time of death; and the obligations of the other guarantors will continue in full force and effect.

Unless specifically stated otherwise, the terms used in this Guarantee shall have the same meaning as in the Agreement, and shall be interpreted and construed in accordance with Sections 22 and 23 of the Agreement. This Guarantee shall be interpreted and construed under the laws of the State of Maryland. In the event of any conflict of law, the laws of the State of Maryland shall prevail (without regard to, and without giving effect to, the application of Maryland conflict of law rules).

IN WITNESS WHEREOF, each of the undersigned has signed this Guarantee as of the date of the Agreement.

GUARANTOR(S)

(Seal)

Signed: _____
(In his/her individual capacity)

Name: _____

Address: _____

(Seal)

Signed: _____
(In his/her individual capacity)

Name: _____

Address: _____

(Seal)

Signed: _____
(In his/her individual capacity)

Name: _____

Address: _____

ROY ROGERS
FRANCHISE AGREEMENT
EXHIBIT C
LIST OF PRINCIPALS

Name of Principal	Address	Interest %

The Operating Partner will be: _____.

Agreed to by:

Franchisee: _____

Operating Partner: _____

Name: _____

Name: _____

Date: _____

Date: _____

ROY ROGERS
FRANCHISE AGREEMENT
EXHIBIT D

AUTHORIZATION AGREEMENT FOR PREARRANGED PAYMENTS (DIRECT DEBITS)

_____ (Name of Person or Legal Entity)
_____(ID Number)

The undersigned depositor (“**Depositor**”) (“**Franchisee**”) hereby authorizes Roy Rogers Franchise Company (“**Franchisor**”) to initiate debit entries and/or credit correction entries to the undersigned’s checking and/or savings account(s) indicated below and the depository designated below (“**Depository**”) (“**Bank**”) to debit or credit such account(s) pursuant to Franchisor’s instructions.

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

This authority is to remain in full and force and effect until sixty (60) days after Franchisor has received written notification from Franchisee of its termination.

Depository:	Depository:
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____
Date: _____	Date: _____

ROY ROGERS
FRANCHISE AGREEMENT
EXHIBIT E
ADA CERTIFICATION

Roy Rogers Franchise Company (“**Franchisor**”) and _____ (“**Franchisee**”) are parties to a franchise agreement dated _____, 20____ (the “**Franchise Agreement**”) for the operation of a Restaurant at _____

_____ (the “**Restaurant**”). In accordance with Section 5.3 of the Franchise Agreement, Franchisee certifies to Franchisor that, to the best of Franchisee’s knowledge, the Restaurant and its adjacent areas comply with all applicable federal, state and local accessibility laws, statutes, codes, rules, regulations and standards, including but not limited to the Americans with Disabilities Act. Franchisee acknowledges that it is an independent contractor and the requirement of this certification by Franchisor does not constitute ownership, control, leasing or operation of the Restaurant. Franchisee acknowledges that Franchisor has relied on the information contained in this certification. Furthermore, Franchisee agrees to indemnify Franchisor and the officers, directors, and employees of Franchisor in connection with any and all claims, losses, costs, expenses, liabilities, compliance costs, and damages incurred by the indemnified party(ies) as a result of any matters associated with Franchisee’s compliance with the Americans with Disabilities Act, as well as the costs, including attorneys’ fees, related to the same.

Franchisee:

By: _____

Name: _____

Title: _____

ROY ROGERS
FRANCHISE AGREEMENT
EXHIBIT F
LEASE RIDER

THIS LEASE RIDER is made and entered into _____, 20__ BY AND AMONG _____ (the "**Landlord**"), _____ (the "**Tenant**"), and Roy Rogers Franchise Company, LLC, a Maryland limited liability company whose principal place of business is _____ ("**RRFC**").

RECITALS:

- A. This Lease Rider supplements and forms part of the attached Lease Agreement between the Landlord and the Tenant dated _____ (the "**Lease**") for the premises situated at _____ (the "**Premises**") to be used by the Tenant as a Roy Rogers Restaurant.
- B. This Lease Rider is entered into in connection with RRFC's approval of the location of the Premises as a Roy Rogers Restaurant and the grant of a franchise to the Tenant pursuant to a Franchise Agreement dated _____, 20__ (the "**Franchise Agreement**").
- C. This Lease Rider is intended to provide RRFC the opportunity to reserve the Premises as a Roy Rogers Restaurant under the circumstances set out below.
- D. The Landlord agrees that RRFC shall have the right but not the obligation to assume the Lease of the Premises on the terms, covenants and conditions contained in this Lease Rider.

THE PARTIES HEREBY AGREE:

1. UPON DEFAULT OF TENANT UNDER THE LEASE

1.1 The Landlord agrees to send to RRFC copies of any Notice of Default that are given to the Tenant concurrently with the giving of such Notices to the Tenant. If the Tenant fails to cure any defaults within the period specified within the Notices, the Landlord shall promptly give to RRFC further written Notice specifying the defaults that the Tenant has failed to cure. RRFC shall have forty-five (45) days following receipt of the second written Notice to exercise its right to enter a new Lease on the same terms as apply to this Deed of Lease by written notice to the Landlord and the Tenant and in the event that RRFC does exercise such right, then the circumstances described in clause 1.2 below shall apply.

1.2 The provisions of this clause 1.2 shall take effect if and when RRFC exercises its rights pursuant to clause 1.1 above. RRFC shall begin paying rent upon the Landlord delivering possession of the Premises to RRFC.

2. UPON TERMINATION OF THE FRANCHISE AGREEMENT

If the Franchise Agreement is terminated for any reason during the term of the Lease or any extension or renewal of the Lease, and if RRFC shall desire to assume the Lease, RRFC shall promptly give the Landlord written notice to this effect.

3. UPON NON-RENEWAL OF THE LEASE TERM

If the Lease contains term renewal or extension right(s) and if the Tenant allows the term to expire without exercising such right(s), the Landlord shall give RRFC written notice to this effect and RRFC shall have the option for thirty (30) days following receipt of such notice to exercise the Tenant's renewal or extension right(s) on the same terms and conditions as are contained in this Lease. If RRFC elects to exercise such right(s) it shall notify the Landlord in writing whereupon the Landlord and RRFC shall promptly execute and exchange an agreement whereby RRFC assumes the Lease effective at the date of termination of any holding over period by the Tenant to the effect that such extension or renewal term shall have subtracted from it the number of days constituting such holding over period.

4. ADDITIONAL PROVISIONS

4.1 The Tenant agrees that termination of the Franchise Agreement shall be a default under the Lease. In the event of termination of the Franchise Agreement, or if the Tenant fails to timely cure any defaults under the Lease the Tenant shall within ten (10) days after written demand by RRFC, assign all of its right, title and interest in and to the Lease to RRFC. If the Tenant fails to do so within the said ten (10) days, the Tenant hereby designates RRFC as its agent to execute any and all documents, agreements and to take all action as may be necessary or desirable to effect the assignment of the Lease and the relinquishment of any and all of the Tenant's rights thereunder. The Landlord hereby consents to such assignment subject to RRFC executing an assignment of the Lease. The Tenant further agrees to promptly and peaceably vacate the Premises and to remove its personal property at the written request of RRFC. Any property not so removed by the Tenant within ten (10) days following receipt of such written request shall be deemed abandoned by the Tenant and immediately and permanently relinquished to RRFC. RRFC acknowledges that where RRFC enters into an assignment or sub-letting as referred to in clause 4.4 below it will attempt to procure, if the assignee is a company (other than a listed public company) a Deed of Guarantee in customary form approved or prepared by the landlord from the principal shareholders of the assignee company and (if required by the landlord) by the Directors of the assignee company.

4.2 The Tenant shall be and remain liable to the Landlord for all of its obligations under the Lease, notwithstanding any assignment of the Lease to RRFC. RRFC shall be entitled to recover from the Tenant all amounts it pays to the Landlord to cure the Tenant's defaults under the Lease including interest thereon and RRFC's reasonable collection costs.

4.3 After RRFC assumes the Tenant's interest under the Lease, RRFC may, at any time, sublet the Premises to a Roy Rogers franchisee without having to obtain the prior written consent of the Landlord.

4.4 After RRFC assumes the Tenant's interest under the Lease, RRFC may, at any time, assign or sublet its interest under the Lease but only with the prior written consent of the Landlord and the usual provisions of the Lease concerning consent shall apply. Upon receipt by the Landlord of an assignment agreement pursuant to which the assignee agrees to assume the Lease and to observe the terms, conditions and agreements on the part of the tenant to be performed under the Lease, RRFC shall thereupon be

released from all liability as tenant under the Lease from and after the date of assignment, without any need of a written acknowledgment of such release by the Landlord.

4.5 If the Lease or Franchise Agreement is terminated and RRFC fails to exercise its option as described above, the Tenant agrees, upon written demand by RRFC to de-identify the Premises as a Roy Rogers Restaurant and to promptly remove signs, decor and other items which RRFC reasonably requests be removed as being distinctive and indicative of a Roy Rogers Restaurant. RRFC may enter upon the Premises without being guilty of trespass or tort to effect de-identification if the Tenant fails to do so within ten (10) days after receipt of written demand from RRFC, following termination of the Franchise Agreement or Lease. the Tenant shall pay RRFC for its reasonable costs and expenses in effecting the de-identification. The Landlord shall not be obligated to RRFC for such costs unless the Landlord and the Tenant share one (1) or more common owners, partners, beneficiaries or shareholders (as the case may be). The Tenant agrees and accepts that its obligations to the Landlord in respect to the provisions of the Lease concerning the removal of signage and additions and alterations at the termination of the Lease subsist notwithstanding the right made available to RRFC pursuant to this clause.

4.6 BY EXECUTING THIS LEASE RIDER TO THE LEASE, RRFC DOES NOT ASSUME ANY LIABILITY WITH RESPECT TO THE PREMISES OR ANY OBLIGATION AS TENANT UNDER THE LEASE UNLESS AND UNTIL RRFC EXPRESSLY ASSUMES SUCH LIABILITY AND/OR OBLIGATION AS DESCRIBED ABOVE.

4.8 All notices pursuant to this Lease Rider shall be in writing and shall be personally delivered, sent by registered mail or reputable overnight delivery service or by other means which afford the sender evidence of delivery or rejected delivery to the addresses described above or to such other address as any party to this Deed may, either by written notice, instruct that notices be given.

EXECUTED by the parties as follows:

SIGNED by _____)
as Landlord by its _____)
in the presence of: _____)
(Name of Signatory)
Title: _____

SIGNED by _____)
as Tenant by its _____)
in the presence of: _____)
(Name of Signatory)
Title: _____

SIGNED by _____ by its)
duly authorized officer in the presence of: _____)
(Name of Signatory)
Title: _____

ROY ROGERS
FRANCHISE AGREEMENT
EXHIBIT G
NON-DISCLOSURE AND NON-COMPETITION AGREEMENT

THIS NON-DISCLOSURE AND NON-COMPETITION AGREEMENT (“Agreement”) is made this _____ day of _____, 20____, by and between _____ (the “**Franchisee**”), and _____, who is a Principal, manager, supervisor, member, partner, or a person in a managerial position with, Franchisee (the “**Member**”).

BACKGROUND:

- A. Roy Rogers Franchise Company, LLC (“**RRFC**”) owns a format and system (the “**System**”) relating to the establishment and operation of quick service fast casual restaurant businesses operating in buildings that bear Franchisor’s interior and exterior trade dress, under the “Roy Rogers” name and marks, which specialize in the sale of roast beef sandwiches, on-the-bone fried chicken, a variety of other hamburgers and sandwiches, side orders, desserts, breakfast items, soft drinks and beverage items, special limited time offer menu items, and such additional products as Franchisor may designate from time to time for on-premises, “drive-thru” and carry-out consumption, and includes the use of a “Fixin’s Bar” to dispense condiments for sandwiches and other food items (the “**Roy Rogers Restaurants**”)
- B. RRFC and Franchisee have executed a Franchise Agreement (“**Franchise Agreement**”) granting Franchisee the right to operate one (1) Roy Rogers Restaurant (the “**Restaurant**”) and to produce and distribute products and services approved by RRFC and use the Proprietary Marks in connection therewith under the terms and conditions of the Franchise Agreement;
- C. The Member, by virtue of his or her position with Franchisee, will gain access to certain of RRFC’s Confidential Information, as defined herein, and must therefore be bound by the same confidentiality and non-competition agreement that Franchisee is bound by.

IN CONSIDERATION of these premises, the conditions stated herein, and for other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, the parties agree as follows:

1. Confidential Information. Member shall not, during the term of the Franchise Agreement or thereafter, communicate, divulge, or use for the benefit of any other person, persons, partnership, entity, association, or corporation any confidential information, knowledge, or know-how concerning the methods of operation of the business franchised thereunder which may be communicated to Member or of which Member may be apprised by virtue of Franchisee’s operation under the terms of the Franchise Agreement. Any and all information, knowledge, know-how, and techniques which RRFC designates as confidential shall be deemed confidential for purposes of this Agreement, except information which Franchisee can

demonstrate came to its attention prior to disclosure thereof by RRFC; or which, at or after the time of disclosure by RRFC to Franchisee, had become or later becomes a part of the public domain, through publication or communication by others.

2. Covenants Not to Compete.

(a) Member specifically acknowledges that, pursuant to the Franchise Agreement, and by virtue of its position with Franchisee, Member will receive valuable specialized training and confidential information, including, without limitation, information regarding the operational, sales, promotional, and marketing methods and techniques of RRFC and the System.

(b) Member covenants and agrees that during the term of Member's employment with, or ownership interest in, Franchisee, and except as otherwise approved in writing by RRFC, Member shall not, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person, persons, partnership, corporation, or entity:

(i) Divert or attempt to divert any business or customer of the Restaurant or of any Restaurant using the System 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 RRFC's Proprietary Marks and the System;

(ii) Employ or seek to employ any person who is at that time employed by RRFC, Franchisee, any other franchisee, master franchisee, developer, or development agent, or otherwise directly or indirectly induce such person to leave his or her employment; or

(iii) Own, maintain, operate, engage in, or have any interest in any restaurant business which is located at the Approved Location and which business is, or is intended to be, the same as or similar to the Restaurant.

(c) Member covenants and agrees that during the Post-Term Period (defined below), except as otherwise approved in writing by RRFC, Member shall not, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person, persons, partnership, corporation, or entity, own, maintain, operate, engage in, or have any interest in any restaurant business which is located at the Approved Location and which business is, or is intended to be, the same as or similar to the Restaurant.

(d) As used in this Agreement, the term "Post-Term Period" shall mean a continuous uninterrupted period of two (2) years from the date of: (a) a transfer permitted under Section 12 of the Franchise Agreement with respect to Member; and/or (b) termination of Member's employment with, and/or ownership interest in, Franchisee.

3. Injunctive Relief. Member acknowledges that any failure to comply with the requirements of this Agreement will cause RRFC irreparable injury, and Member agrees to pay all court costs and reasonable attorney's fees incurred by RRFC in obtaining specific performance of, or an injunction against violation of, the requirements of this Agreement.

4. Severability. All agreements and covenants contained herein are severable. If any of them, or any part or parts of them, shall be held invalid by any court of competent jurisdiction for any reason, then the Member agrees that the court shall have the authority to reform and modify that provision in order that the restriction shall be the maximum necessary to protect RRFC's and/or Franchisee's legitimate business needs as permitted by applicable law and public policy. In so doing, the Member agrees that the court shall impose the provision with retroactive effect as close as possible to the provision held to be invalid.

5. Delay. No delay or failure by the RRFC or Franchisee to exercise any right under this Agreement, and no partial or single exercise of that right, shall constitute a waiver of that or any other right provided herein, and no waiver of any violation of any terms and provisions of this Agreement shall be construed as a waiver of any succeeding violation of the same or any other provision of this Agreement.

6. Third-Party Beneficiary. Member hereby acknowledges and agrees that RRFC is an intended third-party beneficiary of this Agreement with the right to enforce it, independently or jointly with Franchisee.

IN WITNESS WHEREOF, the Franchisee and the Member attest that each has read and understands the terms of this Agreement, and voluntarily signed this Agreement on this ____ day of _____, 20 ____.

FRANCHISEE

MEMBER

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Exhibit B

Site Selection Agreement

ROY ROGERS

SITE SELECTION AGREEMENT

THIS SITE SELECTION AGREEMENT (the “**Agreement**”) is made and entered into on this _____ day of _____, 20____ (the “**Effective Date**”), by and between:

- Roy Rogers Franchise Company, LLC, a Maryland limited liability company whose principal place of business is 4991 New Design Road, Suite 109, Frederick, MD 21703 (“**Franchisor**”); and
- _____ a [resident of] [corporation organized in] [limited liability company organized in] _____ and having offices at _____ (“**Prospective Franchisee**”).

BACKGROUND:

A. Franchisor owns a format and system (the “**System**”) relating to the establishment and operation of quick service restaurant businesses operating in buildings that bear Franchisor’s interior and exterior trade dress, under the “Roy Rogers” name and marks, which currently specialize in the sale of roast beef sandwiches, on-the-bone fried chicken, a variety of other hamburgers and sandwiches, side orders, desserts, breakfast items, soft drinks and beverage items, special limited time offer menu items, and such additional products as Franchisor may designate from time to time for on-premises, “drive-thru” and carry-out consumption, and may include the use of a “Fixin’s Bar” to dispense condiments for sandwiches and other food items (the “**Roy Rogers Restaurants**”);

B. Franchisor grants to qualified persons franchises to own and operate Roy Rogers Restaurants pursuant to the terms of a Roy Rogers franchise agreement (the “**Franchise Agreement**”); and

C. Prospective Franchisee desires to enter into a Franchise Agreement for the purpose of operating a Roy Rogers Restaurant under the System, and wishes to find and develop a location for that purpose.

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

1. **Search Period:** Within six (6) months after the date hereof (the “**Search Period**”), Prospective Franchisee shall acquire or lease/sublease, at Prospective Franchisee's expense, commercial real estate that is properly zoned for use as a Roy Rogers Restaurant to be conducted by Prospective Franchisee under the Franchise Agreement (a “**Restaurant**”) at a site approved by Franchisor as hereinafter provided. Such location shall be within the following area: _____

_____ (the “**Site Selection Area**”). The Site Selection

Area is described solely for the purpose of selecting a site for the Restaurant. Franchisor shall not establish, nor franchise another to establish, a Roy Rogers Restaurant operating under the System within the Site Selection Area until Franchisor approves of a location for the Restaurant, or until the expiration of the Search Period, whichever event first occurs. Failure by Prospective Franchisee to acquire or lease a site for the Restaurant within the Search Period shall constitute a default under this Agreement; and this Agreement shall immediately terminate with no further rights for Prospective Franchisee to the Site Selection Area.

2. **Site Selection Fee:** Prospective Franchisee shall pay Franchisor a site selection fee of Ten Thousand Dollars (\$10,000) (the “**Site Selection Fee**”), which must be paid in full prior to or upon execution of this Agreement. If Prospective Franchisee is successful in “finding” a site for the Restaurant (as evidenced by Prospective Franchisee acquiring or leasing/subleasing a site that is properly zoned for a Roy Rogers Restaurant), and signs a Franchise Agreement with Franchisor, then the amount of the Site Selection Fee actually paid by Prospective Franchisee to Franchisor shall be credited to Prospective Franchisee’s requirement to pay an initial franchise fee under the Franchise Agreement. If this Agreement is terminated because Prospective Franchisee has failed to “find” a site during the Search Period, the Site Selection Fee shall be refunded to Prospective Franchisee, less the amount of Eight Thousand Dollars (\$8,000), which shall be retained by Franchisor, in consideration for Franchisor’s costs and expenses in providing site selection and other similar services to Prospective Franchisee. Except as otherwise provided in this Section, payment of the Site Selection Fee shall be non-refundable in consideration of administrative and other expenses incurred by Franchisor in connection with providing Prospective Franchisee with site selection and development services, and for Franchisor’s lost or deferred opportunity to offer franchises to others.

3. **Site Evaluation Services:** Franchisor shall furnish to Prospective Franchisee site selection guidelines, including Franchisor’s minimum standards for a location for the Restaurant, and such site selection counseling and assistance as Franchisor may deem advisable. Franchisor shall perform any on-site evaluation as Franchisor may deem advisable in response to Prospective Franchisee’s requests for site approval; provided, however, that Franchisor shall not be required to provide on-site evaluation for any proposed site.

4. **Site Selection Package Submission and Approval:** Prospective Franchisee shall submit to Franchisor, in the form specified by Franchisor, a copy of the site plan and such other information or materials as Franchisor may reasonably require, together with an option contract, letter of intent or other evidence satisfactory to Franchisor which confirms Prospective Franchisee’s favorable prospects for obtaining the site. Prospective Franchisee acknowledges that time is of the essence. Franchisor shall have thirty (30) days after receipt of such information and materials from Prospective Franchisee to approve or disapprove, in its sole discretion, the proposed site as the location for the Restaurant. In the event Franchisor does not disapprove a proposed site by written notice to Prospective Franchisee within said thirty (30) days, such site shall be deemed approved by Franchisor.

5. **Lease:** Franchisor shall have the right to approve the terms of any lease or sublease for the site for the Restaurant before Prospective Franchisee signs it. Franchisor's approval of any

lease is conditioned upon inclusion in the lease of the **Lease Rider** attached to the Franchise Agreement as Exhibit F. However, Franchisor shall not be responsible for review of the lease for any terms other than those contained in the Lease Rider.

6. **Approved Location:** After the location for the Restaurant is approved by Franchisor pursuant to Section 4 hereof and leased or acquired by Prospective Franchisee pursuant to Section 5 hereof, the location shall be qualified to become the “**Approved Location**” described in Section 1.1 of the Franchise Agreement. If Prospective Franchisee signs a Franchise Agreement with Franchisor within thirty (30) days of the later of site approval or signing a lease for the site, the Approved Location shall be specified on Exhibit A to the Franchise Agreement, and shall become a part the Franchise Agreement.

7. **Franchisee Acknowledgements:**

(a) Franchisee acknowledges that this Agreement shall not constitute a Franchise Agreement between Prospective Franchisee and Franchisor, and that nothing in this Agreement shall be construed to grant to Prospective Franchisee any rights (including without limitation rights in, and/or to use, Franchisor’s proprietary trademarks, trade names, service marks and other indicia of origin) which are granted under the Franchise Agreement. Prospective Franchisee further acknowledges that nothing in this Agreement ensures that Franchisor will enter into a Franchise Agreement with Prospective Franchisee, and Prospective Franchisee understands that it may not qualify, in Franchisor’s sole discretion, to become a franchisee under the System.

(b) Franchisor possesses (and will continue to possess and acquire) certain confidential information, knowledge, or know-how concerning the development and operation of a Roy Rogers Restaurant, including, without limitation, information related to site selection criteria, site evaluation methods, marketing, and other information in connection with products and services offered under the System (the “**Confidential Information**”). Prospective Franchisee acknowledges and agrees that it will not acquire an interest in Confidential Information, other than the right to use it pursuant to this Agreement, and that the Confidential Information is proprietary, includes Franchisor’s trade secrets, and is disclosed to Prospective Franchisee only on the condition that Prospective Franchisee: (i) shall not use the Confidential Information in any other business or capacity; (ii) shall keep the Confidential Information absolutely confidential for all time; (iii) will not make unauthorized copies of any Confidential Information disclosed via electronic medium or in written or other tangible form; and (iv) will adopt and implement all reasonable procedures that Franchisor prescribes from time to time to prevent unauthorized use or disclosure of Confidential Information. This provision shall survive the termination or expiration of this Agreement.

(c) Franchisor does not make any representation or warranty express or implied as to the potential success of any site for a Restaurant, and Prospective Franchisee acknowledges that it has not received nor shall it receive or rely upon, any such representation or warranty. Franchisor’s approval of a site indicates only that Franchisor believes the site complies with acceptable minimum criteria established by Franchisor solely for its purposes as of the time of

evaluation. Prospective Franchisee and Franchisor acknowledge that application of criteria that have been effective with respect to other sites for Roy Rogers Restaurants may not be predictive of potential for success of the Restaurant. Prospective Franchisee acknowledges that the success of the location contemplated under this Agreement for the establishment of the Restaurant is speculative and depends, to a large extent, upon Prospective Franchisee's ability as an independent businessperson, his/her active participation in the daily affairs of the Restaurant, market conditions, area competition, availability of product, quality of services provided as well as other factors. Franchisor shall not be responsible for the failure of the site for the Restaurant to meet Prospective Franchisee's expectations as to revenue, operational performance or other measures. Franchisee further acknowledges and agrees that its acceptance of a site for the operation of the Restaurant is based on its own independent investigation of the suitability of the site.

8. **Miscellaneous:**

(a) Prospective Franchisee shall not, without the prior written consent of Franchisor, transfer, pledge or otherwise encumber the rights and obligations of the Prospective Franchisee under this Agreement.

(b) This Agreement takes effect upon its acceptance and execution by Franchisor, and shall be interpreted and construed exclusively under the laws of the state of Maryland, which laws shall prevail in the event of any conflict of law (without regard to, and without giving effect to, the application of Maryland choice-of-law rules).

(c) This Agreement constitutes the entire, full, and complete Agreement between Franchisor and Prospective Franchisee concerning the subject matter hereof, and supersede all prior agreements, no other representations having induced Prospective Franchisee to execute this Agreement. No amendment, change, or variance from this Agreement shall be binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing.

IN WITNESS WHEREOF, each party hereto has caused its duly authorized representative to duly execute and deliver this Agreement on the date first above written.

Roy Rogers Franchise Company, LLC

Franchisor

Prospective Franchisee

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Exhibit C

List of Administrators

We intend to register this disclosure document as a “franchise” in some or all of the following states, if required by the applicable state laws. If and when we pursue franchise registration (or otherwise comply with the franchise investment laws) in these states, the following are the state administrators responsible for the review, registration, and oversight of franchises in these states:

<p>CALIFORNIA Commissioner of Business Oversight California Department of Business Oversight 320 West Fourth Street, Suite 750 Los Angeles, California 90013-2344 (213) 876-7500 Toll Free: (866) 275-2677</p>	<p>NEW YORK Bureau of Investor Protection and Securities New York State Department of Law 120 Broadway, 23rd Floor New York, New York 10271 (212) 416-8211</p>
<p>HAWAII Commissioner of Securities of the State of Hawaii Department of Commerce & Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2722</p>	<p>NORTH DAKOTA North Dakota Securities Department 600 Boulevard Avenue, State Capitol Fifth Floor, Dept. 414 Bismarck, North Dakota 58505-0510 (701) 328-4712</p>
<p>ILLINOIS Illinois Office of the Attorney General Franchise Bureau 500 South Second Street Springfield, Illinois 62706 (217) 782-4465</p>	<p>RHODE ISLAND Department of Business Regulation Securities Division Bldg. 69, First Floor John O. Pastore Center 1511 Pontiac Avenue Cranston, Rhode Island 02920 (401) 462-9527</p>
<p>INDIANA Secretary of State Franchise Section 302 West Washington, Room E-111 Indianapolis, Indiana 46204 (317) 232-6681</p>	<p>SOUTH DAKOTA Department of Labor and Regulation Division of Securities 445 E. Capitol Avenue Pierre SD 57501 (605) 773-4823</p>
<p>MARYLAND Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, Maryland 21202-2020 (410) 576-6360</p>	<p>VIRGINIA State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9th Floor Richmond, Virginia 23219 (804) 371-9051</p>
<p>MICHIGAN Department of Attorney General – Consumer Protection Division G. Mennen Williams Building 525 W. Ottawa St. P.O. Box 30212 Lansing, MI 48933 Lansing, MI 48909 (517) 373-7117</p>	<p>WASHINGTON Department of Financial Institutions Securities Division – 3rd Floor 150 Israel Road, S.W. Tumwater, Washington 98501 (360) 902-8760</p>
<p>MINNESOTA Commissioner of Commerce Department of Commerce 85 7th Place East, Suite 500 St. Paul, Minnesota 55101 (651) 296-4026</p>	<p>WISCONSIN Department of Financial Institutions Division of Securities 201 West Washington Avenue, Suite 300 Madison, Wisconsin 53703 (608) 261-9555</p>
	<p>UTAH State of Utah, Division of Consumer Protection 160 East Three Hundred South Salt Lake City, Utah 84145-0804 (801) 530-6601</p>

Exhibit D

Agents For Service Of Process

We intend to register this disclosure document as a “franchise” in some or all of the following states, if required by the applicable state law. If and when we pursue franchise registration (or otherwise comply with the franchise investment laws) in these states, we will designate the following state offices or officials as our agents for service of process in these states:

CALIFORNIA Commissioner of Business Oversight California Department of Business Oversight 320 West Fourth Street, Suite 750 Los Angeles, California 90013-2344 (213) 576-7500 Toll Free: (866) 275-2677	NEW YORK New York State Department of State Division of Corporations Second Floor 41 State Street Albany, New York 12231
HAWAII Commissioner of Securities of the State of Hawaii Department of Commerce & Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2722	NORTH DAKOTA North Dakota Securities Commissioner 600 Boulevard Avenue, State Capitol Fifth Floor Bismarck, North Dakota 58505-0510 (701) 328-4712
ILLINOIS Illinois Attorney General 500 South Second Street Springfield, Illinois 62706 (217) 782-4465	RHODE ISLAND Director of Department of Business Regulation Department of Business Regulation Securities Division Bldg. 69, First Floor John O. Pastore Center 1511 Pontiac Avenue Cranston, Rhode Island 02920 (401) 462-9527
INDIANA Indiana Secretary of State 201 State House Indianapolis, Indiana 46204 (317) 232-6681	SOUTH DAKOTA Department of Labor and Regulation Division of Securities 445 E. Capitol Avenue Pierre SD 57501 (605) 773-4823
MARYLAND Maryland Securities Commissioner 200 St. Paul Place Baltimore, Maryland 21202-2020 (410) 576-6360	VIRGINIA Clerk of the State Corporation Commission 1300 East Main Street, 1 st Floor Richmond, Virginia 23219 (804) 371-9733
MICHIGAN Dept. of Energy, Labor, & Economic Growth Corporations Division P.O. Box 30054 Lansing, Michigan 48909 7150 Harris Drive Lansing, Michigan 48909 (517) 373-7117	WASHINGTON Director of Department of Financial Institutions Securities Division – 3 rd Floor 150 Israel Road, S.W. Tumwater, Washington 98501 (360) 902-8760
MINNESOTA Commissioner of Commerce 85 7 th Place East, Suite 500 St. Paul, Minnesota 55101 (651) 296-4026	WISCONSIN Department of Financial Institutions Division of Securities 201 W. Washington Ave., Suite 300, Madison, WI 53703 (608) 261-9555

Exhibit E

List of Franchisees

Eddy Abramson
120 Atlantic City Blvd.
Pine Beach, NJ 08741
Phone: 732-244-3435

Owner/Operator/Contact: Eddie Abramson

Restaurant	Address				Phone No.
Pine Beach	120 Atlantic City Blvd.	Pine Beach	NJ	08741	732-505-8802

HMS Host Travel Plazas
6600 Rockledge Drive
Bethesda, MD 20817
Phone: 240-694-4181

Owner/Operator/Contact: Brian Gallant

Restaurant	Address				Phone No.	
New Jersey						
Molly Pitcher SvPI	Rd 2 Box 23 NJ Turnpike	Cranbury	NJ	08512	609-655-4330	
Absecon TP	413 Garden State Parkway	Absecon	NJ	08201	609-652-8784	
Monmouth	MM100 Garden State Parkway	Belmar	NJ	07719	732-681-4314	
Walt Whitman SvPI	Kresson & Hojo Rd NJ Turnpike	Cherry Hill	NJ	08034	856-429-9323	
Frank S. Farley	MM21 Atlantic City Expy	Hammonton	NJ	08037	609-965-3546	
Woodrow Wilson SvPI	PO Box 8006 NJ Turnpike	Trenton	NJ	08650	609-585-1222	
Alex Hamilton SvPI	PO Box 2301 NJ Turnpike	Secaucus	NJ	07094	201-863-3751	
Grover Cleveland	PO Box 616 NJ Turnpike	Woodbridge	NJ	07095	732-634-2923	
New York						
Pattersonville SvPI	MP 168 Westbound NY Thruway	Pattersonville	NY	12137	518-887-2028	
Clifton Springs	MP 336 Eastbound Rt. 96 NY Thruway	Clifton Springs	NY	14432	315-462-9755	
Plattekill SvPI	6474 Interstate 87	Walkill	NY	12568	845-564-5160	
New Baltimore SvPI	PO Box 130	Hannacroix	NY	12087	315-447-2483	
Junius Pond	1399 Nine Foot Road	Phelps	NY	14532	315-539-3188	
Ulster	PO Box 248	Ruby	NY	12476	914-336-8129	
Indian Castle SvCntr	PO Box 555	Little Falls	NY	13385	315-823-4350	

Pennsylvania

Peter J Camiel Trpl	MM 349 W Bound Exit 22/23 PA	Elverson	PA	19520	610-286-0255
	Tnpk				
Blue Mountain SvPI	PO Box 9	Newburg	PA	17240	717-423-5592
Allentown SvPI	5052 Cetronia Rd PA Turnpike	Allentown	PA	18104	215-395-2861
Plainfield SvPI	Milepost 219.1 PA Turnpike	Plainfield	PA	17081	717-249-2231
N. Somerset TP	179 North Access Road	Somerset	PA	15501	814-445-9173

Hardee's/CKE

**1200 N. Harbor Blvd., PO Box 4349
 Anaheim, CA 92801
 Phone: 877-799-7827**

Owner/Operator/Contact: Teresa Cifone

Restaurant	Address				Phone No.
Manassas Park	8502 Centreville Rd.	Manassas Park	VA	22111	703-368-3799

PJB Enterprises, Inc.

**9505 Dubois Road
 Charlotte Hall, MD 20622
 Phone: 301-751-9588**

Owner/Operator/Contact: Patience Barton

Restaurants	Address				Phone No.
Solomons Island	14000 H.G. Truman Road PO Box 722	Solomons Island	MD	20688	410-326-4290
LaPlata	6370 Crain Highway	LaPlata	MD	20646	240-776-4535

The Riese Organization
560 Fifth Avenue, 4th Floor
New York, NY 10136
Phone: 212-563-7440

Owner/Operator/Contact: Dennis Riese

Restaurant	Address				Phone No.
New York #18	401 7 th Avenue	New York	NY	10001	212-630-0327

Hunter Bright Restaurants, LLC
8860 Richmond Highway
Alexandria, VA 22039
Phone: 571-335-0038

Owner/Operator/Contact: Jason Hunt

Restaurant	Address				Phone No.
Alexandria #11	8860 Richmond Hwy (Woodlawn)	Alexandria	VA	22309	703-799-0170
Alexandria #12	1506 Belleview Blvd	Alexandria	VA	22307	703-660-1264
Alexandria #13	7013-F Manchester Lakes Blvd	Franconia	VA	22310	703-719-5980

RR Pasadena, LLC
329 Gambrills Road
Gambrills, MD 21054

Owner/Operator/Contact: James King

Restaurant	Address				Phone No.
-------------------	----------------	--	--	--	------------------

Exhibit F

List of Former Franchisees

(Terminated or left the System in the fiscal year ended December 31, 2013)

1. U.S. Foods (Round Robin, LLC)
330 Roberts Street, Suite 100
East Hartford, CT 06108
Phone: 860-290-1844

(Closed 1 restaurant in Massachusetts)

2. Todd Restaurants, Inc.
9024 Patton Blvd.
Alexandria, VA 22309
Phone: 703-799-4646

(Transfer of ownership: 3 restaurants in Virginia)

Exhibit G

List of Company-Owned Roy Rogers Restaurants Operated by PEI (as of December 31, 2013)

Maryland

1. 624 Queen City Dr.
Cumberland, Maryland 21502
(301) 777-8299
2. 1240 West Patrick Street
Frederick, Maryland 21703
(301) 695-8414
3. 5622 Buckeystown Pike (Rt. 85)
Frederick, Maryland 21704
(301) 695-8270
4. 191 Thomas Johnson Dr.
Frederick, Maryland 21702
(301) 695-6399
5. 1204 E. Patrick Street
Frederick, Maryland 21701
(301) 695-1464
6. 12907 Wisteria Drive
Germantown, Maryland 20875
(301) 540-1883
7. 1719 Massey Blvd.
Hagerstown, Maryland 21740
(301) 797-8300
8. 100 North Burhans Blvd.
Hagerstown, Maryland 21740
(301) 739-5755
9. 203 Frederick Road
Thurmont, Maryland 21788
(301) 271-3252
10. 28 Souder Road
Brunswick, Maryland 21716
(301) 834-8022

11. 1990 Riverside Way
Frederick, Maryland 21701
(301) 695-6465
12. 301 Ballenger Creek Drive
Frederick, Maryland 21703
(301) 682-9044
13. 9607 Lost Knife Road
Gaithersburg, Maryland 20877
(301) 869-5300
14. Six Baltimore Boulevard
Westminster, Maryland 21157
(410) 848-2597
15. 19775 Frederick Road
Germantown, MD 20876 (301)
540-8634
16. 15662 Old Columbia Pike
Burtonsville, MD 20866
(240) 389-1341
17. 2690 Crain Highway
Waldorf, MD 20601
301-632-6117

Virginia

18. 451 S. King Street
Leesburg, Virginia 20175
(703) 777-5551
19. 540 East Market Street
Leesburg, Virginia 20176
(703) 777-6322
20. 8699 Sudley Road
Manassas, VA 20110
(703) 369-2112
21. 130 Riverton Commons Drive
Front Royal, VA 22630
(540) 631-0192

West Virginia

22. 144 Oak Lee Drive
Ranson, West Virginia 25438
(304) 728-6050

Exhibit H

Financial Statements

Roy Rogers Franchise Company, LLC

**Financial Statements
and Independent Auditor's Report**

December 31, 2013 and December 25, 2012

Roy Rogers Franchise Company, LLC

Index

	<u>Page</u>
Independent Auditor's Report	2
Financial Statements	
Balance Sheets	4
Statements of Income	5
Statements of Members' Equity	6
Statements of Cash Flows	7
Notes to Financial Statements	8

Independent Auditor's Report

To the Members
Roy Rogers Franchise Company, LLC

We have audited the accompanying financial statements of Roy Rogers Franchise Company, LLC, which comprise the balance sheet as of December 31, 2013, and the related statements of income, members' equity and cash flows for the year then ended, and the related notes to financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Roy Rogers Franchise Company, LLC as of December 31, 2013, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

The financial statements of Roy Rogers Franchise Company, LLC as of and for the year ended December 25, 2012, were audited by other auditors whose report dated March 12, 2013, expressed an unmodified opinion on those statements.

A handwritten signature in cursive script that reads "Cohn Reznick LLP".

Baltimore, Maryland
March 20, 2014

Roy Rogers Franchise Company, LLC

Balance Sheets December 31, 2013 and December 25, 2012

	<u>Assets</u>	
	2013	2012
Current assets		
Cash	\$ 674,374	\$ 503,125
Trade receivables	107,137	134,700
Prepaid expenses	20,619	11,060
Total current assets	802,130	648,885
Property and equipment, at cost		
Equipment and vehicles	118,455	118,038
Leasehold improvements	56,306	-
	174,761	118,038
Less accumulated depreciation	47,933	22,735
Net property and equipment	126,828	95,303
Other assets		
Trademarks and service marks	734,454	734,454
Software, net of accumulated amortization of \$610 and \$87	958	1,481
Due from affiliates	-	16,823
Total other assets	735,412	752,758
Total assets	\$ 1,664,370	\$ 1,496,946
<u>Liabilities and Members' Equity</u>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 42	\$ 448
Other deferred revenue	-	25,000
Due to affiliates	98,771	15,621
Total current liabilities	98,813	41,069
Members' equity	1,565,557	1,455,877
Total liabilities and members' equity	\$ 1,664,370	\$ 1,496,946

See Notes to Financial Statements.

Roy Rogers Franchise Company, LLC

Statements of Income
Years Ended December 31, 2013 and December 25, 2012

	2013	2012
Revenue		
Royalty revenue	\$ 1,197,888	\$ 1,190,676
Franchise fees	135,000	30,000
Other revenue	32,728	84,346
Training fees	-	1,202
Total revenue	1,365,616	1,306,224
Operating costs and expenses		
Wages and benefits	581,105	528,844
Management fees	104,583	133,205
Office	78,673	29,318
Professional fees	48,936	31,032
Travel	45,854	46,197
Depreciation and amortization	27,469	22,562
Repairs and maintenance	7,119	1,203
Marketing	1,080	1,427
Licenses and permits	887	650
Bad debt expenses	385	3,124
Total operating costs and expenses	896,091	797,562
Income from operations	469,525	508,662
Other expense		
Interest expense	-	845
Loss on disposal of property and equipment	764	-
Total other expense	764	845
Net income	\$ 468,761	\$ 507,817

See Notes to Financial Statements.

Roy Rogers Franchise Company, LLC

Statements of Members' Equity
Years Ended December 31, 2013 and December 25, 2012

Members' equity, December 27, 2011	\$ 1,391,662
Net income	507,817
Distributions to members	<u>(443,602)</u>
Members' equity, December 25, 2012	1,455,877
Net income	468,761
Distributions to members	<u>(359,081)</u>
Members' equity, December 31, 2013	<u><u>\$ 1,565,557</u></u>

See Notes to Financial Statements.

Roy Rogers Franchise Company, LLC

Statements of Cash Flows Years Ended December 31, 2013 and December 25, 2012

	2013	2012
Cash flows from operating activities		
Net income	\$ 468,761	\$ 507,817
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	26,946	21,905
Amortization	523	657
Loss on disposal of property and equipment	764	
Net change in operating assets and liabilities		
Trade receivables	27,563	(21,893)
Prepaid expenses	(9,559)	(11,060)
Accounts payable and accrued expenses	(406)	448
Other deferred revenue	(25,000)	25,000
Net cash provided by operating activities	489,592	522,874
Cash flows from investing activities		
Purchase of property and equipment	(59,235)	(116,617)
Purchase of software	-	(1,568)
Net cash used in investing activities	(59,235)	(118,185)
Cash flows from financing activities		
Distributions to members	(359,081)	(443,602)
Repayments on long-term debt	-	(47,281)
Net advances from (repayments to) affiliates	99,973	(136,314)
Net cash used in financing activities	(259,108)	(627,197)
Net increase (decrease) in cash	171,249	(222,508)
Cash, beginning of year	503,125	725,633
Cash, end of year	\$ 674,374	\$ 503,125
Supplemental disclosure of cash flow information		
Cash paid during the year for interest	\$ -	\$ 845
Disposition of fully depreciated equipment	\$ 1,421	\$ -

See Notes to Financial Statements.

Roy Rogers Franchise Company, LLC
Notes to Financial Statements
December 31, 2013 and December 25, 2012

Note 1 - Nature of business and summary of significant accounting policies

Nature of business

Roy Rogers Franchise Company, LLC (the "Company" or "LLC"), a Maryland limited liability company, is engaged in the business of franchising the Roy Rogers trademarks and service marks to fast food restaurants. The LLC operating agreement provides that the Company terminate in June 2027, unless terminated sooner and that each member's liability is limited to the amount of their capital account. The LLC operating agreement provides that profits and losses shall be allocated to the members in proportion to their respective percentages of interest. The Company is the franchisor for 6 area franchisees (7 in 2012) operating 28 locations (29 in 2012) as of December 31, 2013 in the northeastern region of the United States. Under the franchise agreement, the franchisee pays an initial franchise fee, and based on a specified percentage of sales royalties to the Company and marketing fees to a separate trust.

Fiscal year

For financial reporting and internal use purposes, the Company has adopted a reporting year consisting of thirteen four-week periods. Accordingly, the fiscal year consists of 52 weeks, except for a periodic adjustment for a fiscal year of 53 weeks every fourth year. The year ended December 31, 2013 consists of 53 weeks and the year ended December 25, 2012 consists of 52 weeks.

Trade receivables

Substantially all of the Company's trade receivables represent royalties due from franchisees. Trade receivables are charged to bad debt expense when they are determined to be uncollectible based upon a periodic review of the accounts by management. Accounting principles generally accepted in the United States of America require that the allowance method be used to recognize bad debts; however, the effect of using the direct write-off method is not materially different from the results that would have been obtained under the allowance method.

Property and equipment

Property and equipment consists of vehicles, computer equipment, and leasehold improvements which are stated at cost. Depreciation on equipment and vehicles is provided using the straight-line method over the estimated useful life of five years. Leasehold improvements are capitalized and amortized over the lesser of the lease term or the life of the improvement determined to be over the lesser of the related party's lease term (see note 2) or eleven years. Total depreciation and amortization expense of property and equipment was \$26,946 and \$21,906 for the years ended December 31, 2013 and December 25, 2012, respectively.

Other assets

The Company bases its accounting for an intangible asset on its useful life to the reporting entity in accordance with accounting standards. An intangible asset with a finite useful life is amortized. An intangible asset with an indefinite useful life is not amortized; instead it is tested for impairment annually.

Roy Rogers Franchise Company, LLC
Notes to Financial Statements
December 31, 2013 and December 25, 2012

The Company's intangible assets consist of the trademarks and service marks acquired and computer software. The trademarks and service marks acquired are tested for impairment annually. At December 31, 2013 and December 25, 2012, management believes that the trademarks and service marks are not impaired.

The computer software costs are amortized over the estimated useful life of three years using the straight-line method. Amortization expense was \$523 and \$656 for the years ended December 31, 2013 and December 25, 2012, respectively.

Income taxes

The Company is organized as a limited liability company and thus has chosen to be treated as a partnership for federal and state income tax purposes. Accordingly, no income tax expense has been recorded in the financial statements. All income or loss will be reported on the individual members' income tax returns.

Uncertain tax positions

The Company follows the accounting for "uncertainty in income taxes". The Company believes that its income tax filing positions and deductions will be sustained upon examination and, accordingly, has not recorded any reserves, or related accruals for interest and penalties at December 31, 2013 and December 25, 2012 for uncertain income tax positions. The Company has adopted a policy under which, if required to be recognized in the future, it will classify interest related to the underpayment of income taxes as a component of interest expense and it will classify any related penalties in general and administrative expenses in the Statements of Income. Currently, the 2010, 2011 and 2012 tax years are open and subject to examinations by the Internal Revenue Service and state authorities.

Revenue recognition

The Company is in the business of franchising quick service restaurants to operate under its trade name, Roy Rogers. A franchise includes, but is not necessarily limited to, territorial rights, management and operational training, marketing assistance and a license to use specified trade names, trademarks and service marks.

"Marketing fees" received are held in a separate trust and are not reported as assets of the Company. These funds are used for promotional activities on behalf of the franchisees. Included in "due to affiliates" is \$6,112 and \$15,621 at December 31, 2013 and December 25, 2012, respectively, for amounts received by the Company and not deposited to the trust by year end.

Franchise "royalty revenues" are based on franchisees' sales and are recognized as income as earned. Initial franchise fees are recorded as "unearned revenue" until the date the franchise agreement is signed at which time, substantially all of the initial franchise services have been performed (ASC 592 Franchisor Revenue Recognition), and they are recorded into revenue as "franchise fees." Early termination franchise fees are recognized as revenue upon notice by the franchisee. Total franchise fees recognized were \$135,000

Roy Rogers Franchise Company, LLC
Notes to Financial Statements
December 31, 2013 and December 25, 2012

and \$30,000 for the years ended December 31, 2013 and December 25, 2012, respectively.

Other Revenue is recognized as income as earned.

Advertising costs

The Company expenses advertising costs as incurred. Total advertising costs were \$1,080 and \$1,427 for the years ended December 31, 2013 and December 25, 2012, respectively.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of the contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Change in presentation

Certain amounts in the December 25, 2012 financial statements have been reclassified to conform to the December 31, 2013 presentation. These reclassifications had no effect on members' equity or net income as previously reported.

Note 2 - Related party transactions

Management Fee

The Company pays a related entity of the members a management fee for services performed in the general administration of the business including a charge for office facilities. For the years ended December 31, 2013 and December 25, 2012, \$104,583 and \$133,205, were incurred.

Salaries and benefits

The Company reimburses the related entity for salaries, payroll taxes and benefits incurred as the central paymaster of the related companies within the group for all employees. For the years ended December 31, 2013 and December 25, 2012, \$581,105 and \$528,844, were charged to operations.

Due to/from affiliates

The Company reimburses certain related entities for management fees, salaries and benefits as described above as well as transfers of funds related to other activities, the net effect of all these transactions may result in either a payable or receivable at year end. As of December 31, 2013, the Company owed \$98,771 to the related entity for such transactions, and as of December 25, 2012 the Company was owed \$1,561 from the related party.

Roy Rogers Franchise Company, LLC
Notes to Financial Statements
December 31, 2013 and December 25, 2012

Note 3 - Concentration of credit risk

The Company, at times throughout the year, may have had funds on deposit with a financial institution in excess of federally insured amounts. The Company has not experienced any losses on cash accounts and believes it is not exposed to significant concentration of credit risk with respect to these cash balances at December 31, 2013.

Note 4 - Commitments

During 2011, the Company entered into a seven year agreement with Coca-Cola Foodservice ("CCF") wherein the Company agrees to promote and otherwise provide CCF products as their primary beverage at its Roy Roger franchisees locations. The agreement ends at the earlier of seven years or until the participating system outlets have purchased a predetermined volume of CCFs products at fixed prices.

During 2013, the Company entered into an agreement with a franchise consulting firm to provide franchise development and to promote the Roy Rogers brand primarily on the east coast and throughout the United States. Under the terms of the contract, the Company shall pay a placement fee for the sale, transfer or addition of qualified franchise units. Additionally, the Company is required to pay a monthly service fee of \$5,500 (\$7,200 commencing March 2014) through the expiration of the contract, October 2018.

Note 5 - Subsequent events

Events that occur after the balance sheet date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the balance sheet date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the balance sheet date require disclosure in the accompanying notes. Management evaluated the activity of the Company through March 20, 2014 (the date the financial statements were available to be issued) and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to financial statements.

Roy Rogers Franchise Company, LLC
Audited Financial Statements

**December 25, 2012 and
December 27, 2011**

Contents

	Page
Independent Auditor's Report	1
Financial Statements	
Balance Sheets	3
Statements of Income	4
Statements of Members' Equity	5
Statements of Cash Flows	6
Notes to Financial Statements	7 - 11

Independent Auditor's Report

To the Members
Roy Rogers Franchise Company, LLC
Frederick, Maryland

We have audited the accompanying financial statements of Roy Rogers Franchise Company, LLC, which comprise the balance sheets as of December 25, 2012 and December 27, 2011, and the related statements of income, members' equity and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Roy Rogers Franchise Company, LLC as of December 25, 2012 and December 27, 2011, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

McLean, Koehler, Sparks & Hammond

March 12, 2013

Roy Rogers Franchise Company, LLC

Balance Sheets

	December 25, 2012	December 27, 2011
Assets		
Current Assets:		
Cash	\$ 503,125	\$ 725,633
Trade receivables	134,700	112,807
Prepaid expenses	11,060	-
Total current assets	<u>648,885</u>	<u>838,440</u>
Property and Equipment:		
Equipment and vehicles	118,038	2,865
Less accumulated depreciation	22,735	2,273
Net equipment	<u>95,303</u>	<u>592</u>
Other Assets:		
Trademarks and service marks	734,454	734,454
Software, net of accumulated amortization of \$87 - 2012	1,481	-
Due from affiliates	1,202	-
Loan costs, net of accumulated amortization of \$ 11,396 - 2012, and \$10,827 - 2011	-	569
Total other assets	<u>737,137</u>	<u>735,023</u>
Total Assets	<u>\$ 1,481,325</u>	<u>\$ 1,574,055</u>

	December 25, 2012	December 27, 2011
Liabilities and Members' Equity		
Current Liabilities:		
Current maturities of long-term debt	\$ -	\$ 47,281
Accounts payable and accrued expenses	448	-
Marketing fee deposit	25,000	-
Due to affiliate	-	135,112
Total current liabilities	<u>25,448</u>	<u>182,393</u>
Members' Equity	<u>1,455,877</u>	<u>1,391,662</u>
Total Liabilities and Members' Equity	<u>\$ 1,481,325</u>	<u>\$ 1,574,055</u>

The notes to financial statements are an integral part of these statements.

Roy Rogers Franchise Company, LLC

Statements of Income

For the years ended	December 25, 2012	December 27, 2011
Revenue:		
Royalty revenue	\$ 1,220,676	\$ 1,239,261
Marketing fees	84,346	75,000
Training fees	1,202	-
Total revenue	<u>1,306,224</u>	<u>1,314,261</u>
General and administrative expenses:		
Salaries and benefits	662,049	623,177
Travel	46,197	56,264
Professional fees	31,032	36,090
Office	29,318	17,421
Depreciation and amortization	22,562	1,710
Marketing	1,427	11,053
Repairs and maintenance	1,203	2,217
Licenses and permits	650	900
Total general and administrative expenses	<u>794,438</u>	<u>748,832</u>
Income from operations	<u>511,786</u>	<u>565,429</u>
Other expense:		
Interest expense	845	4,774
Bad debt expenses	3,124	-
Total other expense	<u>3,969</u>	<u>4,774</u>
Net income	<u>\$ 507,817</u>	<u>\$ 560,655</u>

The notes to financial statements are an integral part of these statements.

Roy Rogers Franchise Company, LLC

Statements of Members' Equity

For the years ended	December 25, 2012	December 27, 2011
Members' equity, beginning of year	\$ 1,391,662	\$ 1,222,997
Net income	507,817	560,655
Distributions	<u>(443,602)</u>	<u>(391,990)</u>
Members' equity, end of year	<u>\$ 1,455,877</u>	<u>\$ 1,391,662</u>

The notes to financial statements are an integral part of these statements.

Roy Rogers Franchise Company, LLC

Statements of Cash Flows

For the years ended	December 25, 2012	December 27, 2011
Cash flows from operating activities:		
Net income	\$ 507,817	\$ 560,655
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	22,562	1,710
Net change in operating assets and liabilities:		
(Increase) decrease in:		
Trade receivables	(21,893)	(26,137)
Prepaid expenses	(11,060)	-
Increase (decrease) in:		
Accounts payable and accrued expenses	448	(3,815)
Prepaid marketing fees	25,000	-
Net cash provided by operating activities	<u>522,874</u>	<u>532,413</u>
Cash flows from investing activities		
Purchase of property and equipment	(116,617)	-
Purchase of software	(1,568)	-
Proceeds from release of escrow fund - Trademark	-	265,546
Net cash (used in) provided by investing activities	<u>(118,185)</u>	<u>265,546</u>
Cash flows from financing activities:		
Distributions to members	(443,602)	(391,990)
Repayments on long-term debt	(47,281)	(77,728)
Net (repayments) borrowings on due to affiliate	(136,314)	77,111
Net cash used in financing activities	<u>(627,197)</u>	<u>(392,607)</u>
Net (decrease) increase in cash	(222,508)	405,352
Cash, beginning of year	<u>725,633</u>	<u>320,281</u>
Cash, end of year	<u>\$ 503,125</u>	<u>\$ 725,633</u>
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	\$ 845	\$ 4,774

The notes to financial statements are an integral part of these statements.

Roy Rogers Franchise Company, LLC

Notes to Financial Statements

For the years ended December 25, 2012 and December 27, 2011

1. Nature of Business and Summary of Significant Accounting Policies

Nature of Business

Roy Rogers Franchise Company, LLC (the “Company”), a Maryland limited liability company, is engaged in the business of franchising the Roy Rogers trademarks and service marks to fast food restaurants. The LLC operating agreement provides that the Company terminate in June 2027, unless terminated sooner and that each member’s liability is limited to the amount of their capital account. The LLC operating agreement provides that profits and losses shall be allocated to the members in proportion to their respective percentages of interest. The Company is the franchisor for 7 franchisees (8 in 2011) operating 29 locations (31 in 2011) as of December 25, 2012 in the northeastern region of the United States. Under the franchise agreements, the franchisee pays royalties and marketing fees to the Company.

The Company operates on the basis of thirteen four-week accounting periods per year and the fiscal year ends on the Tuesday nearest to December 31.

Basis of Accounting

The Company prepares its financial statements using the accrual method of accounting. Under this method, revenue is recognized when earned and expenses are recorded when an obligation is incurred.

Fair Value of Financial Instruments

Estimated fair value amounts have been determined using available market information and the valuation methodologies described below. However, considerable judgment is required in interpreting market data to develop estimates of fair value. Accordingly, the estimates presented herein may not be indicative of the amounts the Company could realize in a current market. The use of different market assumptions or valuation methodologies may have a material effect on the estimated fair value amounts.

The carrying amounts of trade receivables approximate fair value due to the short-term nature of these instruments.

Cash

The Company, at times throughout the year, may have had funds on deposit with a financial institution in excess of federally insured amounts. At December 25, 2012 and December 27, 2011, the Company did not have any deposits in excess of federally insured amounts. The Company has not experienced any losses on cash accounts and believes it is not exposed to significant credit risk on cash. The FDIC limits were changed as of December 31, 2010 through December 31, 2012 for all noninterest bearing accounts.

Roy Rogers Franchise Company, LLC

Notes to Financial Statements

For the years ended December 25, 2012 and December 27, 2011

1. Nature of Business and Summary of Significant Accounting Policies (continued)

Cash (continued)

At December 25, 2012, all noninterest bearing transaction accounts are fully insured regardless of the account balance. As of January 1, 2013, the FDIC limits were changed back to \$250,000 for all noninterest bearing accounts.

Trade Receivables

Substantially all of the Company's accounts receivable represent royalties due from franchisees. Trade receivables are stated at the amount management expects to collect from franchisee balances. Trade receivables are written off when deemed uncollectible through a charge to bad debt expense. No allowance for doubtful accounts is considered necessary.

Equipment and Depreciation

Equipment consists of vehicles and computer equipment which are stated at cost. Depreciation is provided using the straight-line method over its estimated useful life of five years. Total depreciation expense was \$21,906 and \$570 for the years ended December 25, 2012 and December 27, 2011, respectively.

Intangible Assets

The Company bases its accounting for an intangible asset on its useful life to the reporting entity in accordance with accounting standards. An intangible asset with a finite useful life is amortized. An intangible asset with an indefinite useful life is not amortized; instead it is tested for impairment annually.

The Company's intangible assets consist of the trademarks and service marks acquired, loan costs and computer software. The trademarks and service marks acquired are tested for impairment annually. At December 25, 2012 and December 27, 2011, management believes that the trademarks and service marks are not impaired. During 2011, the value of the trademark was reduced by \$265,546 as a result of the Company receiving unclaimed property, in the form of cash. The Company would have recorded a receivable and reduced the value of the trademark had it been aware of the availability of the funds at the time the trademark was acquired. The loan costs were amortized over the life of the related loan (ten years) using the straight-line method. The computer software costs are amortized over the estimated useful life of three years using the straight-line method. Amortization expense was \$656 and \$1,140 for the years ended December 25, 2012 and December 27, 2011, respectively.

Roy Rogers Franchise Company, LLC

Notes to Financial Statements

For the years ended December 25, 2012 and December 27, 2011

1. Nature of Business and Summary of Significant Accounting Policies (continued)

Income Taxes

The Company is organized as a limited liability company and thus has chosen to be treated as a partnership for federal and state income tax purposes. Accordingly, no income tax expense has been recorded in the financial statements. All income or loss will be reported on the individual members' income tax returns.

Uncertain Tax Positions

The Company follows the accounting for "uncertainty in income taxes". The Company believes that its income tax filing positions and deductions will be sustained upon examination and, accordingly, has not recorded any reserves, or related accruals for interest and penalties, at December 25, 2012 and December 27, 2011 for uncertain income tax positions. The Company continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law, and new authoritative rulings. The Company has adopted a policy under which, if required to be recognized in the future, it will classify interest related to the underpayment of income taxes as a component of interest expense and it will classify any related penalties in general and administrative expenses in the Statements of Income. Currently, the 2009, 2010 and 2011 tax years are open and subject to examinations by the Internal Revenue Service and state authorities.

Revenue Recognition

The Company is in the business of franchising quick service restaurants to operate under its trade name, Roy Rogers. A franchise includes, but is not necessarily limited to, territorial rights, management and operational training, marketing assistance and a license to use specified trade names, trademarks and service marks.

"Marketing fees" received are held in a separate trust and are not reported as assets of the Company. These funds are used for promotional activities on behalf of the franchisees. Amounts received by the Company not deposited to the trust by year end are reported as "due to marketing fund".

Franchise "royalty revenues" are based on franchisees' sales and are recognized as income as earned. Initial franchise fees are recorded as "unearned revenue" until the date the franchise commences operations at which time they are recorded into revenue as "franchise fees". Initial franchise fees recognized were \$30,000 and \$45,000 for the years ended December 25, 2012 and December 27, 2011, respectively.

Roy Rogers Franchise Company, LLC

Notes to Financial Statements

For the years ended December 25, 2012 and December 27, 2011

1. Nature of Business and Summary of Significant Accounting Policies (continued)

Advertising Expenses

The Company expenses advertising as incurred. Total advertising expenses were \$1,427 and \$11,053 for the years ended December 25, 2012 and December 27, 2011, respectively.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of the contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

2. Long-Term Debt

Long-term debt consists of the following:

	December 25, 2012	December 27, 2011
Note payable to a bank - Requiring payments of \$6,875, per month, with an interest rate adjustment in June 2008 to 5.26%. The loan is secured by the Company's trademarks, service marks and property, and is guaranteed by the current members and a related operating company	\$ -	\$ 47,281
Less: Current maturities on long-term debt	-	47,281
Long-term debt	<u>\$ -</u>	<u>\$ -</u>

Interest expense of \$845 and \$4,774 was incurred on long-term debt for the years ended December 25, 2012 and December 27, 2011, respectively.

3. Related Party Transactions

A related entity has been providing management and administrative services to the Company. The related entity has provided these services for \$662,049 and \$623,177, which are recorded in "salaries and benefits," for the years ended December 25, 2012 and December 27, 2011, respectively.

Roy Rogers Franchise Company, LLC

Notes to Financial Statements

For the years ended December 25, 2012 and December 27, 2011

4. Subsequent Events

Subsequent events were evaluated through March 12, 2013, 2013, the date the financial statements were available to be issued. There were no subsequent events to be disclosed.

Exhibit I

Confidentiality and Non-Disclosure Agreement

CONFIDENTIALITY AND NON-DISCLOSURE AGREEMENT

As an inducement to Roy Rogers Franchise Company, LLC (“**Roy Rogers**”) to disclose to the undersigned Roy Rogers’ Confidential Manuals (“**Manual(s)**”), as part of its pre-sale investigation about the possible purchase of a Roy Rogers franchise, the undersigned agrees: (1) to hold all information contained in the Manual(s) in strict confidence as a valued trade secret and property right of Roy Rogers; (2) not to disclose such information to any other person or entity unless such person or entity is subject to a confidentiality agreement with Roy Rogers and Roy Rogers has provided its prior written consent to such disclosure; and (3) not to use such information for its or any other person’s or entity’s benefit except in connection with the operation of a business licensed to the undersigned by Roy Rogers.

The undersigned acknowledges that Roy Rogers may exercise all legal and equitable remedies available to it in enforcing this Agreement. The undersigned also acknowledges that a violation of the terms of this Agreement will cause irreparable injury to Roy Rogers, for which no adequate remedy at law may be available, and that Roy Rogers may, among other things, seek the issuance of an injunction prohibiting any conduct by the undersigned in violation of the terms of this Agreement. The undersigned agrees to pay all costs and expenses, including reasonable attorney's fees, incurred by Roy Rogers in enforcing this Agreement.

By: _____

Name: _____

Title: _____

Date: _____

Exhibit J

State-Specific Disclosures

1. Maryland
2. New York

Maryland Disclosure

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law, the Franchise Disclosure Document for Roy Rogers Franchise Company, LLC for use in the State of Maryland shall be amended as follows:

1. **Item 17**, “Renewal, Termination, Transfer and Dispute Resolution,” shall be amended by the addition of the following language:

The general releases required for renewal or transfer will not apply with respect to any claim you may have which arises under the Maryland Franchise Registration and Disclosure Law.

The Franchise Agreement permits you to sue only in the jurisdiction in which we maintain our principal place of business (which is currently, Maryland), except with respect to claims arising under the Maryland Franchise Registration and Disclosure Law, and for those claims, you may file suit in Maryland.

2. Exhibit N, “Franchisee Compliance Certification,” shall be amended by the addition of the following at the end of Exhibit N:

The representations under this Franchisee Compliance Certification are not intended, nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

3. Each provision of this addendum to the Disclosure Document shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law are met independently without reference to this addendum to the Disclosure Document.

New York Disclosure

ADDITIONAL RISK FACTORS:

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT C OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 120 BROADWAY, 23RD FLOOR, NEW YORK, NEW YORK 10271.

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

In recognition of the requirements of the New York General Business Law, Article 33, Sections 680 through 695, and of the regulations promulgated thereunder (N.Y. Comp. Code R. & Regs. tit. 13, §§ 200.1 through 201.16), the Franchise Disclosure Document for Roy Rogers Franchise Company, LLC for use in the State of New York shall be amended as follows:

1. The last sentence of **Item 3**, "Litigation," shall be deleted in its entirety, and the following language shall be substituted in its place:

Except for the action described above, neither we, nor any of our predecessors, nor any person identified in **Item 2** above, nor any affiliate offering franchises under our trademark, has any administrative, criminal, or a material civil or arbitration action (or a significant number of civil or arbitration actions irrespective of materiality) pending against him alleging a violation of any franchise law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, misappropriation of property, or comparable allegations.

Except for the action described above, neither we, nor any of our predecessors, nor any person identified in **Item 2** above, nor any affiliate offering franchises under our trademark, has been convicted of a felony or pleaded *nolo contendere* to any other felony charge or, during the ten-year period immediately preceding the application for registration, been convicted of a misdemeanor or pleaded *nolo contendere* to any misdemeanor charge or been found liable in an arbitration proceeding or a civil action by final judgment, or been the subject of any other material complaint or legal or arbitration proceeding if such misdemeanor conviction or charge, civil action, complaint, or other such proceeding involved a violation of any franchise law, securities law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, misappropriation of property, or comparable allegation.

Except for the action described above, neither we, nor any of our predecessors, nor any person identified in **Item 2** above, nor any affiliate offering franchises under our trademark, is subject to any currently effective injunctive or restrictive order or decree relating to franchises, or under any federal, state, or Canadian franchise, securities, antitrust, trade regulation, or trade practice law as a result of a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a franchise as a real estate broker or sales agent.

2. The paragraph under **Item 4**, "Bankruptcy" is deleted in its entirety and the following language substituted in its place:

Neither the franchisor, nor any predecessor or current officer of the Franchisor, during the ten-year period immediately preceding the date of this Disclosure Document, has filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; obtained a discharge of its debts under the bankruptcy code; or was a principal officer in a company, or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its

debts under the U.S. Bankruptcy Code during or within one year of the time that the officer or general partner held this position in the company or partnership.

3. **Item 17**, “Renewal, Termination, Transfer and Dispute Resolution,” shall be amended by deleting rows d, j, and w, and the following new rows d, j, and w shall be substituted in their place:

Provision	Section in Franchise or other Agreement	Summary
d. Termination by you	None	Pursuant to New York General Business Law, the franchisee may terminate the Agreement upon any grounds available by law.
j. Assignment of contract by us	§ 12.1 in Franchise Agreement	There are no limits on our right to sign the Franchise Agreement. No assignment will be made except to an assignee who, in Franchisor’s judgment, is willing and able to assume the Franchisor’s obligation under the Franchise Agreement.
w. Choice of law	§ 22.1 in Franchise Agreement	Maryland. The foregoing choice of law should not be considered as a waiver of any right conferred upon the franchisor or the franchisee by the General Business Law of the State of New York, Article 33.

4. There are circumstances in which an offering made by us would not fall within the scope of the New York General Business Law, Article 33, such as when the offer and acceptance occurred outside the state of New York. However, an offer or sale is deemed made in New York if the franchisee is domiciled in or the franchise will be opened in New York. We are required to furnish a New York prospectus to every prospective franchisee who is protected under the New York General Business Law, Article 33.

STATEMENT OF DISCLOSURE DOCUMENT ACCURACY

THE FRANCHISOR REPRESENTS THAT THIS DISCLOSURE DOCUMENT DOES NOT KNOWINGLY OMIT ANY MATERIAL FACT OR CONTAIN ANY UNTRUE STATEMENT OF A MATERIAL FACT.

Exhibit K

Agreement Amendments

1. Maryland
2. New York

Maryland Franchise Agreement Amendment

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law, the parties to the attached Roy Rogers Franchise Agreement (the "Agreement") agree as follows:

1. Section 2.2.7 of the Agreement, under the Section "Term And Renewal," shall be deleted in its entirety and shall have no force or effect, and the following shall be substituted in its place:

2.2.7 Franchisee shall execute a general release, in a form prescribed by Franchisor, of any and all claims against Franchisor and its subsidiaries and affiliates, and their respective officers, directors, agents, and employees, excluding only such claims as Franchisee may have under the Maryland Franchise Registration and Disclosure Law;

2. Section 12.4.1 of the Agreement, under the heading "Conditions for Transfer," shall be deleted in its entirety and shall have no force or effect, and the following shall be substituted in its place:

12.4.1. The transferor shall have executed a general release, in a form satisfactory to Franchisor, of any and all claims against Franchisor and its affiliates, successors, and assigns, and their respective directors, officers, shareholders, partners, agents, representatives, servants, and employees in their corporate and individual capacities, including, without limitation, claims arising under this Agreement, any other agreement between Franchisee and Franchisor or its affiliates, and federal, state, and local laws and rules, and excluding only such claims as the transferor may have under the Maryland Franchise Registration and Disclosure Law;

3. Sections 23.2 and 23.7 of the Agreement, under the headings "Venue" and "Limitation of Actions," shall be deleted in their entirety, and shall have no force or effect; and the following shall be substituted in their place:

23.2 Venue. Subject to Section 23.3 below, the parties agree that any action brought by Franchisee against Franchisor in any court, whether federal or state, shall be brought within such state and in the judicial district in which Franchisor has its principal place of business (except with respect to claims arising under the Maryland Franchise Registration and Disclosure Law, which may be brought in Maryland even if Franchisor's principal place of business is not in Maryland). Any action brought by Franchisor against Franchisee in any court, whether federal or state, may be brought within the state and judicial district in which Franchisor has its principal place of business. The parties agree that this Section 23.2 shall not be construed as preventing either party from removing an action from state to federal court. Franchisee hereby waives all questions of personal jurisdiction or venue for the purpose of carrying out this provision. Any such action shall be conducted on an individual basis, and not as part of a consolidated, common, or class action.

23.7 Limitation of Actions. Any and all claims and actions arising out of or relating to this Agreement, the relationship of Franchisee and Franchisor, or Franchisee's operation of the Restaurant, must be brought or asserted before the expiration of the earlier of: (a) the time period for bringing an action under any applicable state or federal statute of limitations; (b) one (1) year after the date upon which a party discovered, or should have discovered, the facts giving rise to an alleged claim; or (c) two (2) years after the first act or omission giving rise to an alleged claim; or it is expressly acknowledged and agreed by all

**Maryland Amendment to the Franchise Agreement
(Page 1 of 2)**

parties that such claims or actions shall be irrevocably barred; except that any and all claims arising under the Maryland Franchise Registration and Disclosure Law shall be commenced within three (3) years from the execution of the Franchise Agreement, or such action shall be barred. Claims of Franchisor attributable to underreporting of sales, and claims of the parties for failure to pay monies owed and/or indemnification shall be subject only to the applicable state or federal statute of limitations.

4. Section 24 of the Agreement, under the heading "Acknowledgments," shall be supplemented by the following:

24.8 No Waiver. The foregoing acknowledgments are not intended to nor shall they act as a release, estoppel or waiver of any liability under the Maryland Franchise Registration and Disclosure Law.

24.9 Franchisee Compliance Certification. The Franchisee Compliance Certification is not intended to, and shall not act, as a release, estoppel or waiver of any liability under the Maryland Franchise Registration and Disclosure Law.

5. Each provision of this amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law are met independently without reference to this amendment.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Maryland amendment to the Franchise Agreement on the same date as the Franchise Agreement was executed.

Roy Rogers Franchise Company, LLC

Franchisor

Franchisee Entity

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

New York Franchise Agreement Amendment

In recognition of the requirements of the New York General Business Law, Article 33, Sections 680 through 695, and of the regulations promulgated thereunder (N.Y. Comp. Code R. & Regs., tit. 13, §§ 200.1 through 201.16), the parties to the attached Roy Rogers Franchise Agreement (the "Agreement") agree as follows:

1. Section 2.2.7 of the Agreement, under the Section "Term and Renewal," shall be deleted in its entirety, and shall have no force or effect; and the following paragraph shall be substituted in its place:

2.2.7 Franchisee shall execute a general release, in a form prescribed by Franchisor, of any and all claims against Franchisor and its subsidiaries and affiliates, and their respective officers, directors, agents, and employees, provided, however, that all rights enjoyed by Franchisee and any causes of action arising in its favor from the provisions of New York General Business Law Sections 680-695 and the regulations issued thereunder, shall remain in force; it being the intent of this provision that the non-waiver provisions of N.Y. Gen. Bus. Law Sections 687.4 and 687.5 be satisfied; and

2. Section 12.4.1 of the Agreement, under the Section "Transfer of Interest," shall be deleted in its entirety, and shall have no force or effect; and the following paragraph shall be substituted in its place:

12.4.1 The transferor shall have executed a general release, in a form satisfactory to Franchisor, of any and all claims against Franchisor and its affiliates, successors, and assigns, and their respective directors, officers, shareholders, partners, agents, representatives, servants, and employees in their corporate and individual capacities including, without limitation, claims arising under this Agreement, any other agreement between Franchisee and Franchisor or its affiliates, and federal, state, and local laws and rules, provided, however, that all rights enjoyed by the transferor and any causes of action arising in its favor from the provisions of New York General Business Law Sections 680-695 and the regulations issued thereunder, shall remain in force; it being the intent of this provision that the non-waiver provisions of N.Y. Gen. Bus. Law Sections 687.4 and 687.5 be satisfied;

3. Section 15.9 of the Agreement, under the Section "Covenants," shall be deleted in its entirety, and shall have no force or effect; and the following paragraph shall be substituted in its place:

15.9 Irreparable Injury. Franchisee acknowledges that Franchisee's violation of the terms of this Section 15 would result in irreparable injury to Franchisor for which no adequate remedy at law may be available, and Franchisee accordingly agrees that Franchisor may seek an injunction prohibiting any conduct by Franchisee in violation of the terms of this Section 15.

4. Section 23.5 of the Agreement, under the Section "Applicable Law and Dispute Resolution," shall be deleted in its entirety, and shall have no force or effect; and the following paragraph shall be substituted in lieu thereof:

23.5 Injunctive Relief. Nothing herein contained shall bar Franchisor's right to seek 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.

5. Section 23 of the Agreement, under the Section “Applicable Law and Dispute Resolution,” shall be supplemented by the addition of the following new Section 23.9:

23.9 No Waiver. Nothing in this Agreement should be considered a waiver of any right conferred upon Franchisee by New York General Business Law, Sections 680-695.

6. There are circumstances in which an offering made by Franchisor would not fall within the scope of the New York General Business Law, Article 33, such as when the offer and acceptance occurred outside the state of New York. However, an offer or sale is deemed made in New York if Franchisee is domiciled in or the franchise will be opening in New York. Franchisor is required to furnish a New York prospectus to every prospective franchisee who is protected under the New York General Business Law, Article 33.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this New York amendment to the Franchise Agreement on the same date as the Franchise Agreement was executed.

Roy Rogers Franchise Company, LLC

Franchisor

Franchisee Entity

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

Exhibit L

General Release

The following is our current general release agreement that we may require a franchisee and/or transferor to sign as part of a renewal or an approved transfer.

General Release

THIS GENERAL RELEASE (the “**Release**”) is made and entered into on this _____ day of _____, 20__ (the “**Effective Date**”), by and between:

- Roy Rogers Franchise Company, LLC a Maryland limited liability company whose principal place of business is 4991 New Design Road, Suite 109, Frederick, MD 21703 (“**Franchisor**”); and
- _____ a [resident of] _____ [corporation organized in] [limited liability company organized in] _____ and having offices at _____ [“(Franchisee)”] [“(Transferor)”].

BACKGROUND:

A. Franchisor and Franchisee are party to a Franchise Agreement dated _____ (the “**Franchise Agreement**”);

B. Franchisor and Franchisee have agreed, pursuant to the Franchise Agreement, [to renew or extend Franchisee’s rights under the Franchise Agreement (the “**Renewal Transaction**”)] [to permit a transfer or assignment of _____ pursuant to Section 12 of the Franchise Agreement (the “**Transfer Transaction**”)], and in connection with the [Renewal Transaction] [Transfer Transaction], Franchisor and [Franchisee] [Transferor] have agreed to execute this Release, along with such other documents related to the approved [Renewal Transaction] [Transfer Transaction].

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

1. Release. [Franchisee] [Transferor], its officers and directors and Principals, and their respective agents, heirs, administrators, successors and assigns (the “**Franchisee Group**”), hereby forever release and discharge, and forever hold harmless Franchisor, its current and former affiliates and predecessors, and their respective shareholders, partners, members, directors, officers, agents, representatives, heirs, administrators, successors and assigns (the “**Franchisor Group**”) from any and all claims, demands, debts, liabilities, actions or causes of action, costs, agreements, promises and expenses of every kind and nature whatsoever, at law or in equity, whether known or unknown, foreseen and unforeseen, liquidated or unliquidated, which [Franchisee] [Transferor] and/or its Principals had, have or may have against any member of the Franchisor Group, including, without limitation, any claims or causes of action arising from, in connection with or in any way related or pertaining, directly or indirectly, to the Franchise Agreement, the relationship created by the Franchise Agreement, or the development, ownership or operation of the Roy Rogers Restaurant. The Franchisee Group further indemnifies and holds the Franchisor Group harmless against, and agrees to reimburse them for any loss, liability, expense or damages (actual or consequential) including, without limitation, reasonable attorneys’, accountants’ and expert witness fees, costs of investigation and proof of facts, court costs and other litigation and travel and living expenses, which any member of the Franchisor Group may suffer with respect to any claims or causes of action which any customer, creditor or other third party now has, ever had, or hereafter would or could have, as a result of, arising from or relating to the Franchise Agreement or the Roy Rogers Restaurant. The Franchisee Group and its Principals represent and warrant that they have not made an assignment or any other transfer of any interest in the claims, causes of action, suits, debts, agreements or promises described herein.

[For Maryland Releases:

Note for Maryland Release -- add the following to section 1, at the end of the first sentence: "excluding only such claims arising under the Maryland Franchise Registration and Disclosure Law."]

2. General Terms.

2.1. This Release shall be binding upon, and inure to the benefit of, each party's respective heirs, representatives, successors, and assigns.

2.2. This Release shall take effect upon its acceptance and execution by each of the parties hereto.

2.3. This Release may be executed in counterparts, and signatures exchanged by fax, and each such counterpart, when taken together with all other identical copies of this Release also signed in counterpart, shall be considered as one Release.

2.4. The captions in this Release are for the sake of convenience only, and shall neither amend nor modify the terms hereof.

2.5. The parties agree that all actions arising under this Release must be commenced in the state or federal court of general jurisdiction in Maryland, and each of the undersigned irrevocably submits to the jurisdiction of those courts and waives any objection he or she might have to either the jurisdiction of or venue in those courts. This Release shall be interpreted and construed under the laws of the State of Maryland. In the event of any conflict of law, the laws of the State of Maryland shall prevail (without regard to, and without giving effect to, the application of Maryland conflict of law rules).

2.6. This Release constitutes the entire, full, and complete agreement between the parties concerning the subject matter hereof, and supersedes all prior agreements and communications concerning the subject matter hereof. No other representations have induced the parties to execute this Release. The parties agree that they have not relied upon anything other than the words of this Release in deciding whether to enter into this Release.

2.7. No amendment, change, or variance from this Release shall be binding on either party unless in writing and agreed to by all of the parties hereto.

IN WITNESS WHEREOF, the parties hereto have duly signed and delivered this Release in duplicate on the day and year first above written.

Roy Rogers Franchise Company, LLC
Franchisor

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Exhibit M

Franchisee Compliance Certification

EXHIBIT M

**ROY ROGERS FRANCHISE COMPANY, LLC
FRANCHISEE COMPLIANCE CERTIFICATION**

As you know, Roy Rogers Franchise Company, LLC (the “**Franchisor**”) and you are preparing to enter into a Franchise Agreement for the establishment and operation of a “Roy Rogers” franchised restaurant business (the “**Restaurant**”). The purpose of this Questionnaire is to determine whether any statements or promises were made to you that the Franchisor has not authorized and that may be untrue, inaccurate or misleading. Please review each of the following questions and statements carefully and provide honest and complete responses to each.

1. I had my first face-to-face meeting with one of the Franchisor’s representatives on _____, 20____.

2. Have you received and personally reviewed the Franchise Agreement and each Addendum and related agreement attached to it?

Yes _____ No _____

3. Do you understand all of the information contained in the Franchise Agreement, each Addendum and related agreement provided to you?

Yes _____ No _____

If no, what parts of the Franchise Agreement, Addendum, and/or related agreement do you not understand? (Attach additional pages, as needed.)

4. Do you understand that the Franchise Agreement contains a number of provisions that may affect your legal rights, including required mediation, designated locations or states for any judicial proceedings, a waiver of your right to a jury trial, a waiver of punitive or exemplary damages, limitations on when claims may be filed, and other waivers and limitations?

Yes _____ No _____

5. Have you received and personally reviewed the Franchisor’s Franchise Disclosure Document (“**FDD**”) that was provided to you?

Yes _____ No _____

6. Did you sign a receipt for the FDD indicating the date you received it?

Yes _____ No _____

7. Do you understand all of the information contained in the FDD and any state-specific Addendum to the FDD?

Yes _____ No _____

If No, what parts of the FDD and/or Addendum do you not understand? (Attach additional pages, as needed.)

8. Have you discussed with an attorney, accountant, or other professional advisor the benefits and risks of establishing and operating a Restaurant as a franchised business?

Yes _____ No _____

If No, do you wish to have more time to do so?

Yes _____ No _____

9. Do you understand that the success or failure of your franchised Restaurant business will depend in large part upon your skills and abilities, competition from other businesses, interest rates, inflation, labor and supply costs, lease terms and other economic and business factors?

Yes _____ No _____

10. Has any employee or other person speaking on behalf of the Franchisor made any statement or promise to you (or, to the best of your knowledge, information and belief, to any person or entity or your behalf) concerning the actual or possible revenues, profits or operating costs of a "Roy Rogers" franchised business operated by the Franchisor or any of its franchisees, that is contrary to the information contained in the FDD?

Yes _____ No _____

11. Has any employee or other person speaking on behalf of the Franchisor made any statement or promise to you (or, to the best of your knowledge, information and belief, to any person or entity or your behalf) regarding the amount of money you may earn in operating the Restaurant as a franchised business, that is contrary to the information contained in the FDD?

Yes _____ No _____

12. Has any employee or other person speaking on behalf of the Franchisor made any statement or promise to you (or, to the best of your knowledge, information and belief, to any person or entity or your behalf) concerning the total amount of revenue the Restaurant as a franchised business will or may generate, that is contrary to the information contained in the FDD?
- Yes _____ No _____
13. Has any employee or other person speaking on behalf of the Franchisor made any statement or promise to you (or, to the best of your knowledge, information and belief, to any person or entity or your behalf) regarding the costs you may incur in operating the Restaurant as a franchised business, that is contrary to or different from, the information contained in the FDD?
- Yes _____ No _____
14. Has any employee or other person speaking on behalf of the Franchisor made any statement or promise to you (or, to the best of your knowledge, information and belief, to any person or entity or your behalf) concerning the likelihood of success that you should or might expect to achieve from operating the Restaurant as a franchised business?
- Yes _____ No _____
15. Has any employee or other person speaking on behalf of the Franchisor made any statement, agreement or promise to you (or, to the best of your knowledge, information and belief, to any person or entity or your behalf) concerning the advertising, marketing, training, support service or assistance that the Franchisor will furnish to you that is contrary to, or different from, the information contained in the FDD?
- Yes _____ No _____
16. Have you entered into any binding agreement with the Franchisor concerning the purchase of this franchise prior to today?
- Yes _____ No _____
17. Have you paid any money to the Franchisor concerning the purchase of this franchise prior to today?
- Yes _____ No _____
18. Do you understand that the territorial rights you have been granted are subject to limitations and exceptions?
- Yes _____ No _____

19. Do you understand that Franchisor and its affiliates and subsidiaries retain the right, directly or through others, to develop and franchise other similar franchises or different franchise systems inside or outside of your territory?

Yes _____ No _____

20. Do you understand that the Franchise Agreement contains the entire agreement between you and the Franchisor concerning the franchise for the Restaurant, meaning that any prior oral or written statements not set out in the Franchise Agreement will not be binding?

Yes _____ No _____

21. If you have answered "Yes" to any of questions 10-17, please provide a full explanation of each "yes" answer in the following blank lines. (Attach additional pages, as needed, and refer to them below.) If you have answered "no" to each of questions 10-17, then please leave the following lines blank.

22. I signed the Franchise Agreement and Addenda (if any) on _____, 20____, and acknowledge that no Agreement or Addendum is effective until signed and dated by the Franchisor.

YOU UNDERSTAND THAT YOUR ANSWERS ARE IMPORTANT TO US AND THAT WE WILL RELY ON THEM. BY SIGNING THIS QUESTIONNAIRE, YOU ARE REPRESENTING THAT YOU HAVE CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS.

FRANCHISE APPLICANT

Signed

Printed Name

_____, 20____
Date

EXHIBIT N

RECEIPTS

ITEM 23 • RECEIPTS
(To be retained by Franchisee)

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

If Roy Rogers Franchise Company, LLC offers you a franchise, it must provide this Disclosure Document to you:

- (a) 14 calendar days before you sign a binding agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale, or
- (b) Under New York and Rhode Island law, if applicable, at the earlier of (i) your first personal meeting to discuss the franchise, or (ii) 10 business days before you sign a binding agreement with, or make payment to us for an affiliate in connection with the proposed franchise sale, or
- (c) Michigan and Washington require that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Roy Rogers Franchise Company, LLC does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and to the appropriate agency listed in Exhibit C.

The franchisor is Roy Rogers Franchise Company, LLC, 4991 New Design Road, Suite 109, Frederick, Maryland 21703, 301-695-5051.

Issuance Date: March 28, 2014

The franchise seller is Jon Fields, Roy Rogers Franchise Company, LLC, 4991 New Design Road, Suite 109, Frederick, Maryland 21703, 301-695-5051.

Any additional individual franchise sellers involved in offering the franchise are:

Roy Rogers Franchise Company, LLC authorizes the respective state agencies identified on Exhibit D to receive service of process for it in the particular state.

I have received a Disclosure Document dated March 28, 2014, that included the following Exhibits and other Attachments:

- | | |
|---|--|
| A Franchise Agreement | H Financial Statements |
| B Site Selection Agreement | I Confidentiality and Non-Disclosure Agreement |
| C List of State Administrators | J State-specific Disclosures |
| D Agents for Service of Process | K State-specific Agreement Amendments |
| E List of Current Roy Rogers Franchisees | L General Release |
| F List of Former Roy Rogers Franchisees | M Franchisee Compliance Certification |
| G List of Company-Owned Roy Rogers Restaurants
Operated by PEI | N Receipts (2 copies) |

Date Received

Prospective Franchisee

Name (please print)

Address:

ITEM 23 • RECEIPTS

(To be signed, dated, and sent to Franchisor)

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

If Roy Rogers Franchise Company, LLC offers you a franchise, it must provide this Disclosure Document to you:

- (a) 14 calendar days before you sign a binding agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale, or
- (b) Under New York and Rhode Island law, if applicable, at the earlier of (i) your first personal meeting to discuss the franchise, or (ii) 10 business days before you sign a binding agreement with, or make payment to us for an affiliate in connection with the proposed franchise sale, or
- (c) Michigan and Washington require that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Roy Rogers Franchise Company, LLC does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and to the appropriate agency listed in Exhibit C.

The franchisor is Roy Rogers Franchise Company, LLC, 4991 New Design Road, Suite 109, Frederick, Maryland 21703, 301-695-5051.

Issuance Date: March 28, 2014

The franchise seller is Jon Fields, Roy Rogers Franchise Company, LLC, 4991 New Design Road, Suite 109, Frederick, Maryland 21703, 301-695-5051.

Any additional individual franchise sellers involved in offering the franchise are:

Roy Rogers Franchise Company, LLC authorizes the respective state agencies identified on Exhibit D to receive service of process for it in the particular state.

I have received a Disclosure Document dated March 28, 2014, that included the following Exhibits and other Attachments:

- | | |
|---|--|
| A Franchise Agreement | H Financial Statements |
| B Site Selection Agreement | I Confidentiality and Non-Disclosure Agreement |
| C List of State Administrators | J State-specific Disclosures |
| D Agents for Service of Process | K State-specific Agreement Amendments |
| E List of Current Roy Rogers Franchisees | L General Release |
| F List of Former Roy Rogers Franchisees | M Franchisee Compliance Certification |
| G List of Company-Owned Roy Rogers Restaurants
Operated by PEI | N Receipts (2 copies) |

Date Received

Prospective Franchisee

Name (please print)

Address:
