

FRANCHISE DISCLOSURE DOCUMENT

THE BEEF JERKY OUTLET FRANCHISE, INC.

a Tennessee corporation
1309 Goose Creek Way
Seymour, Tennessee 37865
(865) 934-8000
www.thebeefjerkyoutlet.com
franchise@thebeefjerkyoutlet.com



The franchise is for the operation of a business under the “The Beef Jerky Outlet” name which is a specialty retail food store that features an exceptional variety of jerky products, sausages and smoked meats, sauces, rubs, seasonings, marinades, jams, butters, jellies, peanuts, candies, cheeses, and other similar foods. The Beef Jerky Outlet operates using our proprietary methods, techniques, trade dress, trademarks and logos.

The total investment necessary to begin operation of The Beef Jerky Outlet franchise is \$129,500 to \$224,400. This includes between \$44,900 to \$54,900 that must be paid to the franchisor and/or its affiliate, as appropriate.

We may offer to qualified individuals and entities the opportunity to become a multi-unit operator to establish and operate a certain number of Stores at specific locations according to individual Franchise Agreements. If you become a Multi-Unit Operator, you will pay a development fee equal to 100% of the initial franchise fee for the first Store to be opened, plus a deposit of 50% of the reduced initial franchise fee for each additional Store to be established under a Multi-Unit Operator Agreement. The total investment necessary will vary based on the number of Stores to be opened.

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 the disclosure document at least 14 calendar days before you sign a binding agreement with, or make any payment to the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no government 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 Scott Parker at 1309 Goose Creek Way, Seymour, Tennessee 37865 and (865) 934-8000.

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, DC 20580. You can also visit the FTC's home page at www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

Issuance Date: April 4, 2014, as amended May 15, 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 A for information about the franchisor or about franchising in your state.

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

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

1. THE FRANCHISE AGREEMENT AND MULTI-UNIT OPERATOR AGREEMENT REQUIRE YOU TO RESOLVE DISPUTES WITH US BY ARBITRATION ONLY IN TENNESSEE. OUT OF STATE ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO ARBITRATE WITH US IN TENNESSEE THAN IN YOUR OWN STATE.
2. THE FRANCHISE AGREEMENT AND MULTI-UNIT OPERATOR AGREEMENT STATE THAT TENNESSEE LAW GOVERNS THE AGREEMENTS, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS YOUR LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.
3. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

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

STATE EFFECTIVE DATES

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

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

California	N/A
Connecticut	Trademark Exempt
Florida	September 10, 2013
Hawaii	N/A
Illinois	Pending
Indiana	April 3, 2014
Kentucky	August 23, 2010
Maine	Trademark Exempt
Maryland	Pending
Michigan	September 4, 2013
Minnesota	N/A
Nebraska	March 15, 2013
New York	June 6, 2012, amended as of May 22, 2014
North Carolina	Trademark Exempt
North Dakota	N/A
Rhode Island	N/A
South Carolina	Trademark Exempt
South Dakota	N/A
Texas	August 16, 2010
Utah	April 3, 2014
Virginia	July 29, 2013, amended as of
Washington	N/A
Wisconsin	April 1, 2014, amended as of April, 18, 2014

TABLE OF CONTENTS

ITEM 1	1
THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES	1
ITEM 2	3
BUSINESS EXPERIENCE	3
ITEM 3	3
LITIGATION.....	3
ITEM 4	3
BANKRUPTCY	3
ITEM 5	3
INITIAL FEES	3
ITEM 6	5
OTHER FEES	5
ITEM 7	9
ESTIMATED INITIAL INVESTMENT	9
ITEM 8	13
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES	13
ITEM 9	15
FRANCHISEE’S OBLIGATIONS.....	15
ITEM 10	17
FINANCING.....	17
ITEM 11	17
FRANCHISOR’S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING	17
ITEM 12	25
TERRITORY	25
ITEM 13	27
TRADEMARKS	27
ITEM 14	29
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION.....	29
ITEM 15	30
OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS.....	30
ITEM 16	30
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL.....	30

ITEM 17	31
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION	31
ITEM 18	37
PUBLIC FIGURES	37
ITEM 19	37
FINANCIAL PERFORMANCE REPRESENTATIONS	37
ITEM 20	39
OUTLETS AND FRANCHISEE INFORMATION	39
ITEM 21	43
FINANCIAL STATEMENTS	43
ITEM 22	43
CONTRACTS	43
ITEM 23	44
RECEIPTS	44

EXHIBITS:

A	List of State Administrators/Agents for Service of Process
B	Franchise Agreement
C	Multi-Unit Operator Agreement
D	Financial Statements
E	List of Franchisees and Multi-Unit Operators
F	Franchisees and Multi-Unit Operators Who Have Left the System
G	Table of Contents of Operations Manual
H	Franchisee Disclosure Acknowledgment Statement
I	Form of General Release
J	Multi-State Addendum

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

The Franchisor

The franchisor is The Beef Jerky Outlet Franchise, Inc. (“we,” “us”, or “our” and where the context requires also includes our affiliate). “You” means the person to whom we grant a franchise. If you are a corporation, partnership, limited liability company or other business entity, your owners must sign our “Guaranty and Assumption of Obligations” (which is Exhibit C to our Franchise Agreement) and all of the provisions of our Franchise Agreement also will apply to your owners.

We are a Tennessee corporation formed on March 15, 2010. Our principal business address is 1309 Goose Creek Way, Seymour, Tennessee 37865. We operate under our business name and the trademarks described in Item 13 (the “Marks” or “Proprietary Marks”) and no other name. We currently have an ownership interest in one business of the type being franchised located in Ashland, Virginia. This is a joint venture with our franchisee with a provision for the franchisee to buy out our interest by 2017; our franchisee is responsible for the daily operation of the Store. We do not own or operate any other businesses of the type being franchised. We are in the business of owning and franchising The Beef Jerky Outlet Stores. We have offered franchises since August 2010.

Our agents for service of process are disclosed in Exhibit A.

Our Parents, Predecessors and Affiliates

We have no parent or predecessor. We have affiliates as follows:

Our first affiliate is Paul Lyons Enterprises, Inc. (“PLE”), a Michigan corporation located at 1437 Rochester Road, Troy, Michigan 48083. PLE is an approved supplier to our franchisees for some of our proprietary The Beef Jerky Outlet specialty food products. PLE does not own or operate a business of the type being franchised.

Our second affiliate is Beef Jerky Outlet of TN, Inc. (“BJO-TN”), a Tennessee corporation located at our address. BJO-TN owns and operates four retail store locations of the type being franchised in Kodak, Tennessee (open since October 2006); one in Gatlinburg, Tennessee (open since November 2008); one in Sevierville, Tennessee (open since 2009); and one in Pigeon Forge, Tennessee (open since 2012).

Our third affiliate is Prestige Oil Inc. (“Prestige Oil”), a Michigan corporation headquartered at 109 Cabela Blvd. E., Dundee, Michigan 48131. Prestige Oil owns and operates one retail store location of the type being franchised since December 2007.

None of our affiliates has ever offered franchises in this or any other line of business.

Description of Franchise

The Beef Jerky Outlet is a specialty retail store that features an exceptional variety of jerky products, sausages and smoked meats, sauces, rubs, seasonings, marinades, jams, butters, jellies, peanuts, candies, cheeses, and other similar foods under the Proprietary Marks, including “The Beef Jerky Outlet®”. If you purchase a franchise, you must offer the products and services we specify and operate your Store according to our business formats, methods, procedures, designs, layouts, standards, and specifications (the “System”). You will need between 1,000 to 1,800 square feet of retail space for your

Store. If we approve your application to become a franchisee, you will sign our Franchise Agreement (Exhibit B to this Disclosure Document).

Franchise Agreement

We offer the right to establish and operate a Store under the terms of our single unit Franchise Agreement at a location that we have approved. You may be an individual, corporation, partnership or other form of business enterprise. Under the Franchise Agreement, certain persons are characterized as a franchisee's principals (referred to in this Disclosure Document as "your Principals"). The Franchise Agreement is signed by us, by you, and by those of your Principals whom we designate as controlling Principals ("Controlling Principals"). In most instances, we will designate your equity owners, executive officers, and certain affiliated entities as Controlling Principals. By signing the Franchise Agreement, your Controlling Principals agree to be individually bound by certain obligations in the Franchise Agreement, including covenants concerning confidentiality and non-competition, and to personally guarantee your performance under the Franchise Agreement (see Item 15). Depending on the type of business activities in which you or your Principals may be involved, we may require you or your Principals to sign additional confidentiality and non-competition agreements.

You must also have a "Designated Manager," who will be the main individual responsible for operating your Store. We recommend that you act as the Designated Manager.

Multi-Unit Operator Agreement

In certain circumstances, we will offer to you the right to sign a Multi-Unit Operator Agreement (the "Multi-Unit Operator Agreement") in the form attached as Exhibit C to this Disclosure Document to open multiple Stores to be located within a specifically described geographic area (the "Exclusive Area"). We will determine the Exclusive Area before you sign the Multi-Unit Operator Agreement and a description of the Exclusive Area will be included in the Multi-Unit Operator Agreement. Under the Multi-Unit Operator Agreement, you must establish at least three The Beef Jerky Outlet Stores within the Exclusive Area according to a development schedule, and sign a separate Franchise Agreement for each Store established under the Multi-Unit Operator Agreement. The Franchise Agreement for the first Store opened under the Multi-Unit Operator Agreement will be in the form attached as Exhibit B to this Disclosure Document and will be signed at the same time you sign the Multi-Unit Operator Agreement. For each additional Store developed under the Multi-Unit Operator Agreement, you must sign the form of Franchise Agreement that we are then offering to new franchisees. The size of the Exclusive Area will vary depending upon local market conditions and the number of Stores to be developed.

Market and Competition

The primary market for the products and services you will offer includes the general public. You will compete with other businesses offering similar retail food items, including grocery stores, club stores and specialty food stores. These competing businesses may be national or regional chains, independently owned or franchised, that offer similar products and services to their customers. You may also compete with on-line stores offering similar products. You will also face other business risks that are applicable to all businesses and that could have an adverse impact on your Store, including industry developments, pricing, leisure trends, supply and demand.

Industry Specific Laws

The retail food industry is regulated on the federal, state and local levels. You must comply with all local, state, and federal laws that apply to your Store's operations. The preparation and handling of

food is federally regulated by the Pure Food and Drugs Act of 1906; the Federal Food, Drug and Cosmetic Act, Americans with Disabilities Act and by rules and policies of the Food and Drug Administration. State requirements relating to food safety typically pertain to sanitation and handling. Local inspectors may also enforce sanitation and handling rules created on the state and/or local level.

Among the licenses and permits you may need are: Zoning or Land Use Approvals, Sunday Sale Permits, Sales and Use Tax Permits, Special Tax Stamps, Fire Department Permits, Food Establishment Permits, Health Permits, Alarm Permits, County Occupational Permits, Retail Sales Licenses, Chain Store Permits, Dairy Permits, and Wastewater Discharge Permits. There may be other laws, rules or regulations which affect your Store, including minimum wage and labor laws, discrimination, employment, and sexual harassment laws, along with ADA, OSHA and EPA considerations. We recommend that you consult with your attorney concerning these and other laws and ordinances that may affect the operation of your Store.

ITEM 2 **BUSINESS EXPERIENCE**

President – Scott Parker

Mr. Parker has been our President since our inception in March 2010. In addition, since October 2008, Mr. Parker has served as President of our affiliate, BJO-TN, in Seymour, Tennessee.

Vice President – Paul Lyons

Mr. Lyons has been our Vice President since our inception in March 2010. Since 1993, Mr. Lyons has been President of our affiliate, PLE, Inc., in Troy, Michigan.

Vice President – Michael J. Grillo

Mr. Grillo has been our Vice President since our inception in March 2010. Since December 1994, Mr. Grillo has been President of Michigan Brand, Inc. in Bay City, Michigan.

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**

Based upon our financial condition, the Maryland Securities Commissioner requires that all initial fees and payment shall be deferred until such time as the franchisor completes its initial obligations under the franchise agreement and multi-unit operator agreement.

Franchise Agreement: You must pay us an initial franchise fee of \$39,900, payable in a lump sum when you sign the Franchise Agreement, for the right to establish a single Store. We offer discounts as follows:

- If you are a qualified United States veteran, we will reduce the initial franchise fee (for your first Store only) by 50%.
- If you are an existing franchisee in good standing and have been operating your Store for at least one year, we will reduce your initial franchise fee to \$32,900.
- If you have been an employee of us, one of our affiliates or one of our franchisees for at least two years, we will reduce your initial franchise fee to \$32,900.

If you qualify for multiple discounts the largest discount you qualify for will be granted to you. Discounts cannot be combined. The initial franchise fee is not imposed uniformly on all franchisees.

In 2013, we discounted the initial franchise fee for three franchisees.

If you fail to meet your pre-opening obligations under the Franchise Agreement, we have the right to terminate the Franchise Agreement and we will refund 50% of the initial franchise fee that you paid. You must sign the documents we require, including a confidentiality agreement and general release, before any money will be refunded to you. The initial franchise fee is not refundable under any other circumstances.

Pre-Opening Purchases: You must purchase from our affiliate, PLE, a portion of your initial inventory of specialty food products, including jerky products, sausages, smoked meats and other specialty food items. We estimate that the cost of these items will be between \$5,000 to \$10,000. There are no refunds.

Grand Opening Advertising Campaign: At our request, you must give us \$5,000 for your grand opening advertising campaign and we will conduct the campaign for you. If we request that you give us the money for your grand opening advertising campaign, it is not refundable.

Multi-Unit Operator Agreement: If you sign a Multi-Unit Operator Agreement with us, the initial franchise fees you pay under the individual Franchise Agreements will be \$39,900 for the first Store and \$24,900 for each additional Store you develop. When you sign the Multi-Unit Operator Agreement, you must pay us a development fee equal to 100% of the initial franchise fee for the first Store to be developed (\$39,900) and sign a Franchise Agreement for this first Store, plus a deposit equal to 50% of the reduced initial franchise fee (\$12,450) for each additional Store to be developed under the Multi-Unit Operator Agreement. For your first Store, we will apply a portion of the development fee to pay the initial franchise fee in full. For each Store developed after the first one, we will apply a pro rata portion of the development fee towards the initial franchise fee due under the then current Franchise Agreement and the balance of the initial franchise fee due, or \$12,450, is payable when you sign the Franchise Agreement for the Store. We reserve the right to adjust this formula depending upon the size of the area and the financial ability of the Multi-Unit Operator. The development fee must be paid in a lump sum and is non-refundable. Under a Multi-Unit Operator Agreement, we expect that you will develop a minimum of three Stores.

For example, if you commit to develop three Stores, your development fee is calculated as:
 $\$39,900 + (2 \times \$12,450 = \$24,900) = \$64,800.$

There are no other payments to or purchases from us or any affiliate that you must make before your Store opens for business.

ITEM 6
OTHER FEES

Name of Fee (1)	Amount	Due Date	Remarks
Royalty	5.5% of Gross Sales	Payable on the Tuesday of each week for the week ending Sunday (or the next business day if any Tuesday is not a business day)	Royalty Fees are calculated based on Gross Sales for the previous week ending Sunday. Amounts due will be withdrawn by EFT from your designated bank account. See Note 2
Marketing Fee	2% of Gross Sales	Payable at the same time and in the same manner as the Royalty Fee	We may increase the Marketing Fee, up to a maximum of 4% of Gross Sales, with 30 days prior notice to you. The Marketing Fund is described in Item 11.
Local Marketing	2% of Gross Sales	Must be spent monthly	Payable to your local marketing suppliers. Any marketing materials you wish to use must first be approved by us
Training Program (New or Additional Trainees)	Our then-current fee per person, plus expenses Current training fee = \$500 per day	Before training	We will train you and/or your Designated Manager at no additional charge. If you request that we provide our initial training program to any additional employees, or to new or replacement employees during the term of your Franchise Agreement, you must pay our training fee as well as the trainees' expenses, including travel, lodging, meals and wages.

Name of Fee (1)	Amount	Due Date	Remarks
On-Site Training or Assistance	Our then-current per diem fee per trainer, plus expenses Current per diem fee = \$600	When incurred	If you request that we provide additional training at your Store, or if we determine that you need additional training, you must pay our daily fee for each trainer we send to your Store, and you must reimburse each trainer's expenses, including travel, lodging and meals
Transfer Fee: Franchise Agreement	\$10,000	Closing date of transfer	No fee charged for a one time transfer from individual(s) to a corporate entity formed for convenience of ownership of the franchise
Transfer Fee: Multi-Unit Operator Agreement	\$20,000	Closing date of transfer	No fee charged for a one time transfer from individual(s) to a corporate entity formed for convenience of ownership of the franchise
Renewal	\$2,500	When you sign the renewal franchise agreement	
Relocation Assistance	Reimbursement of our costs (estimated to be \$750 to \$1,500)	On demand, if incurred	If you request our assistance to relocate your Store
Indemnification	Will vary under circumstances	On demand	You must reimburse us for the costs we incur if we are sued or held liable for claims that arise from your operation of the business or for costs associated with defending claims that you used the Marks in an unauthorized manner.
Costs and Attorneys' Fees	Will vary under the circumstances	On demand	If you default under your agreement, you must reimburse us for the expenses we incur (such as attorneys' fees) in enforcing or terminating your agreement.

Name of Fee (1)	Amount	Due Date	Remarks
Customer Service	Reimbursement of our costs in assisting your customers (estimated to be \$3,500 to \$7,000)	On demand	If we determine it is necessary for us to provide service directly to your customers. Costs you must reimburse include a per diem fee of \$600/day plus travel and living expenses for our representative
Interest on Overdue Amounts	The lower of 1.5% per month or the highest rate we can charge by law	If incurred	Interest is payable on any amounts owed to us or our affiliates that are not paid when due. Interest accrues from the original due date until payment is made in full.
Audit	Cost of audit (estimated to be between \$1,500 and \$5,000)	On demand	We have the right to audit your books at any time. If an audit shows that you have understated Gross Sales or any amount owed to us by 3% or more or that you have not conducted the minimum local marketing requirement, you must reimburse the costs of the audit, including fees and expenses. You must also pay any understated amount plus interest.
POS System Maintenance	\$350	Annually	Payable to supplier. You must have a maintenance contract for your POS system
Repair, Maintenance, and Remodeling/ Redecorating	Will vary under the circumstances	As incurred	Payable to approved suppliers. You must regularly clean and maintain your Store and its equipment. We may require you to remodel or redecorate your Store to meet our then-current image for all The Beef Jerky Outlet Stores. We will not require you to remodel or redecorate your Store more frequently than every five years

Name of Fee (1)	Amount	Due Date	Remarks
Product Purchases	Will vary, depending on how quickly inventory is sold	As incurred	You must purchase your continuing supply of certain specialty food products from our affiliate
Prohibited Product or Service Fee	\$250 per day of use of unauthorized products or services	If incurred	In addition to other remedies available to us
Insurance Premiums	Reimbursement of our costs, plus 10% administrative fee	On demand	If you do not maintain the required insurance coverages, we have the right (but not the obligation) to obtain insurance on your behalf
Product or Supplier Evaluation Fee	\$25 per product SKU \$100 per supplier	On demand, if incurred	If you wish to purchase any product or purchase from any supplier that we have not approved, you must submit the request to us for approval. If we approve the product or supplier for all Stores in the System, we reserve the right to waive the fee
Liquidated Damages	Will vary under the circumstances	15 days after termination	See Note 3
Management Fee	Our then-current per diem fee per representative, plus expenses Current per diem fee = \$600	If incurred	We may step in and manage your Store in certain circumstances, such as your death, disability or prolonged absence. We will charge a management fee in addition to the other fees we charge if we manage your Store. You must reimburse our expenses.

Notes

1. All fees described in this Item 6 are non-refundable. Except as otherwise indicated in the preceding chart, we impose all fees and expenses listed and you must pay them to us or our affiliates. Except as specifically stated above, the amounts given may be due to changes in market conditions, our cost of providing services and future policy changes. At the present time we have no plans to increase payments over which we have control.

2. For the purposes of determining the fees to be paid under the Franchise Agreement, “Gross Sales” is defined as all revenue, less any returns or credits, from the sale of all products and services and all other income of every kind and nature at or from the Store or otherwise related to the Store, including any proceeds from business interruption insurance, whether for cash or credit, and regardless of collection in the case of credit. Gross Sales do not include any sales taxes or other taxes collected from customers by you and paid directly to the appropriate taxing authority, or any customer refunds or adjustments.

If you do not report the Store’s Gross Sales, we may debit your account for 120% of the last Royalty Fee and Marketing Fee that we debited. If the Royalty Fee and Marketing Fee we debit are less than the Royalty Fee and Marketing Fee you actually owe us, we will debit your account for the balance on a day we specify. If the Royalty Fee and Marketing Fee we debit are greater than the Royalty Fee and Marketing Fee you actually owe us, we will credit the excess against the amount we otherwise would debit from your account for the next payment due.

If any state imposes a sales or other tax on the Royalty Fees, then we have the right to collect this tax from you.

3. If we terminate your Franchise Agreement for cause, you must pay us within 15 days after the effective date of termination liquidated damages equal to the average monthly Royalty Fees you paid or owed to us during the 12 months of operation preceding the effective date of termination multiplied by (a) 24 (being the number of months in two full years), or (b) the number of months remaining in the Agreement had it not been terminated, whichever is higher.

ITEM 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Initial Franchise Fee (1)	\$39,900	Lump Sum	When Franchise Agreement is signed	Us
Rent – 3 Months (2)	\$4,500 to \$15,750	As Agreed	Per Lease	Landlord
Leasehold Improvements (3)	\$7,500 to \$25,000	As Agreed	As Agreed	Contractor and Suppliers
Equipment, Furnishings and Fixtures (4)	\$12,500 to \$35,000	As Agreed	As Agreed	Suppliers
Signage (5)	\$5,000 to \$10,000	As Agreed	As Agreed	Suppliers
Initial Inventory (6)	\$30,000 to \$40,000	As Agreed	As Agreed	Our Affiliate and Suppliers
Security Deposits (7)	\$2,000 to \$6,250	As Agreed	As Agreed	Landlord and Utility Companies

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Insurance – 3 Months (8)	\$500 to \$1,000	As Agreed	As Agreed	Insurance Companies
Grand Opening Advertising (9)	\$2,500 to \$5,000	As Agreed	As Agreed	Suppliers or Us
Travel and Living Expenses While Training (10)	\$2,000 to \$5,000	As Agreed	As Agreed	Airlines, Hotels, Restaurants
POS System (11)	\$4,500 to \$5,000	As Agreed	As Agreed	Suppliers
Office Equipment and Supplies (11)	\$2,500 to \$3,500	As Agreed	As Agreed	Suppliers
Permits/Licenses (12)	\$100 to \$500	As Required	As Incurred	Government Agencies
Professional Fees (13)	\$1,000 to \$2,500	As Agreed	As Agreed	Attorney, Accountant
Additional Funds – 3 Months (14)	\$15,000 to \$30,000	As Needed	As Incurred	Various
Total (15)	\$129,500 to \$224,400			

In general, none of the expenses listed in the above chart are refundable, except any security deposits you must make may be refundable and the initial franchise fee is partially refundable in certain circumstances. We do not finance any portion of your initial investment.

Explanatory Notes

1. **Initial Franchise Fee.** We describe the initial franchise fee in Item 5. The initial franchise fee does not include any discount for which you may qualify.
2. **Rent.** If you do not own adequate or appropriate space, you must build or lease the space for your Store. Our estimates assume that you will lease the space for your Store. The typical space for The Beef Jerky Outlet Store ranges from 1,000 to 1,800 square feet. Rents will vary depending upon factors including size, condition and location of the leased premises, the local real estate market conditions and competition for the leasable space. Our estimate in the chart includes the first three months of rent. In addition, some landlords may require additional security deposits or rental payments when you sign a lease. You should carefully investigate and evaluate all of the potential costs associated with a particular franchise location. The estimates provided in the chart do not include construction costs.

If you choose to purchase real property on which to build your Store, your initial investment will be higher than what we estimate above. If you purchase real property, we cannot estimate how this purchase will affect your total initial investment.

3. ***Leasehold Improvements.*** Your leased space will need leasehold improvements to meet our then-current image for all The Beef Jerky Outlet Stores. The leasehold improvements may include flooring, wall coverings, and the like. The actual cost of your leasehold improvements will depend on labor rates for the area in which your Store is located, whether you must use union labor, the condition of the leased premises, how much the premises must be renovated and the cost of building materials. The low end of our estimate assumes that your landlord will provide a partial build-out allowance, but we do not guarantee that you will be able to negotiate any kind of tenant improvement allowance. Our estimate also includes the costs for any blueprints or construction plans you must have.
4. ***Equipment, Furnishings and Fixtures.*** You must purchase and/or lease and install furniture, fixtures and equipment necessary to operate your Store. Installation charges for equipment are included in our estimates. The cost of the furniture, fixtures and equipment will vary according to local market conditions, suppliers and other related factors. The typical furniture, fixtures and equipment you will need include a check-out counter, display racks, bulk food barrels, and refrigerators.
5. ***Signage.*** You must obtain the interior and exterior signage we require for your The Beef Jerky Outlet Store. All signage must comply with the terms of your lease and applicable local law.
6. ***Initial Inventory.*** Our estimate includes the inventory of retail food products, specialty food products and other merchandise, as well as shopping bags, bulk food bags, and similar items.
7. ***Security Deposit.*** Our estimate assumes that you will need to pay a security deposit to your landlord for the leased space, and that your local utility companies (such as electric and telephone) require security deposits.
8. ***Insurance Premiums.*** You must maintain the insurance that we require (see Item 8) during the entire term of the Franchise Agreement. Your insurance premiums may be payable monthly, quarterly, semi-annually or annually, depending on your insurance company's practices.
9. ***Grand Opening Advertising.*** You must conduct a grand opening advertising program to promote the opening of your The Beef Jerky Outlet Store. Your grand opening advertising program must be conducted within your first 90 days of operation. The grand opening advertising program must be approved by us before you may run it, and must include the print advertising, flyers, free samples and give-aways that we require. At our request, you must give us \$5,000 for your grand opening advertising campaign and we will conduct the campaign for you.
10. ***Travel and Living Expenses While Training.*** We will provide our initial training program to you or your Designated Manager at no additional charge. Our estimate includes travel expenses, car rental expenses, hotel, meals and applicable wages for you or your Designated Manager while attending training. Your actual costs will depend on the distance you must travel, the total number of people attending training, and the accommodations you choose.
11. ***POS System; Office Equipment and Supplies.*** You must purchase or lease the point-of-sale ("POS") system that we require. Additional information about our requirements is included in Item 11 below. You must also purchase general office supplies, including stationery, business cards, basic office equipment and basic office supplies.

12. **Licenses and Permits.** You must obtain the operational and professional licenses and permits required by applicable local and state law. All required licenses and permits must be in place and in good standing at all times during the term of your Franchise Agreement.
13. **Professional Fees.** We strongly advise you to consult with your own financial and legal advisors, and we anticipate that you will incur professional fees related to your evaluation of this Disclosure Document. If you choose to form an entity for your business, you may incur additional legal fees and expenses that we cannot estimate here.
14. **Additional Funds.** This item estimates your initial start up expenses (other than the items identified separately in the table) for the initial period of operations of your Store, which we anticipate will be three months. These expenses include payroll costs, Royalty Fees and Marketing Fees, but we have not included any revenue that your Store might generate. These figures are estimates, and we cannot guarantee that you will not have additional expenses starting the business. Your costs depend on how much you follow our methods and procedures; your management skill, experience, and business acumen; local economic conditions; the local market for the vendor goods and services, including your ability to negotiate favorable prices for these goods and services; the prevailing wage rate; competition; and the sales level reached during the initial period, which we estimate to be three months.

We relied on our affiliate's experience since 2006 in developing and operating The Beef Jerky Outlet Stores to compile these estimates. You should review these figures carefully with a business advisor before deciding to purchase the franchise. We do not offer financing directly or indirectly for any part of the initial investment. The availability and terms of financing the franchise purchase and business start-up depend on many factors, including the availability of financing generally, your creditworthiness and collateral and lending policies of financial institutions from which you request a loan.

* * * * *

YOUR ESTIMATED INITIAL INVESTMENT MULTI-UNIT OPERATOR – DEVELOPMENT OF THREE STORES

(1) Type of Expenditure	(2) Amount	(3) Method of Payment	(4) When Due	(5) To Whom Payment is to be Made
Development Fee ⁽¹⁾	\$64,800	Lump Sum	On signing Multi-Unit Operator Agreement	Us
Vehicle – 3 Months ⁽²⁾	\$2,000 to \$2,500	As Arranged	As Incurred	Suppliers
Other Expenditures for First Store ⁽³⁾	\$89,600 to \$184,500	See First Table	See First Table	See First Table
Total	\$156,400 to \$251,800			

In general, none of the expenses listed in the above chart are refundable. We do not finance any portion of your initial investment.

Notes:

1. **Development Fee.** This fee is discussed in Item 5. Our estimate assumes you will develop three Stores.
2. **Vehicle.** We anticipate that you will need a vehicle to view potential sites and to oversee the build-out of the Store. Our estimate includes three months of expenses for gas, maintenance and vehicle payments.
3. **Other Expenditures for First Store.** These are the estimates to build-out your first Store. Costs associated with building out additional Stores are subject to factors that we cannot estimate or control, such as inflation, increased labor costs or increased materials costs.

ITEM 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You must operate the Store according to our System Standards. System Standards may regulate, among other things, the types, models, and brands of equipment, display and décor items, POS system, inventory items, supplies, marketing materials and other items to be used in your Store (collectively, “Operating Assets”); required and authorized product and service categories; and designated and approved suppliers of these items and services, which could be limited to us, our affiliates, and other restricted sources, in which case you must acquire certain items for your Store only from these restricted sources. Except as described below, there are no goods, supplies, fixtures, equipment, inventory, or real estate for the Store that you currently must buy or lease from us (or an affiliate) or designated suppliers.

Currently you must purchase a portion of your special food items from our affiliate, PLE. PLE reserves the right to earn a profit from the sale of these items to you. During the fiscal year ended December 31, 2013, PLE had total revenues of \$3,276,156.76 of which \$1,353,713.41, or 41.3%, was from the sale of special food items to our franchisees.

The following officers listed in Item 2 have an ownership interest in PLE: Paul Lyons. None of our officers has an ownership interest in any other approved supplier.

To maintain the quality of the goods and services that The Beef Jerky Outlet Stores sell and to maintain our System’s reputation, we may condition your right to buy or lease Operating Assets and other items on their meeting our minimum standards and specifications and/or their being acquired from suppliers that we approve. We will formulate and modify standards and specifications based on our, our affiliates’ and our franchisees’ experience in the industry and in operating The Beef Jerky Outlet Stores. Our standards and specifications may impose minimum requirements for delivery of services, performance, reputation, prices, quality, design, and appearance. Our confidential operations manual (“Manual” or “Operations Manual”) or other communications (including e-mail) will identify our standards and specifications and/or names of approved suppliers. There might be situations where you can obtain items from any supplier who can satisfy our requirements and, therefore, would be an approved supplier.

If we institute any type of restrictive sourcing program (which, as noted above, we have the right to do) and you want to use any product that we have not yet evaluated or to buy or lease from a supplier that we have not yet approved, you first must send us sufficient information, specifications, and samples so we can determine whether the product complies with System Standards or the supplier meets approved supplier criteria. You must pay a fee of \$25 for each product SKU or \$100 for each supplier you request

that we evaluate. We reserve the right to waive this fee if a product or supplier is approved for all Stores in the System. We will, within a reasonable time (typically 30 days), notify you of our decision in writing. We periodically will establish procedures for your requests and may limit the number of approved products and/or suppliers as we think best. Our approval might depend on product quality, delivery frequency, service standards, financial capability, customer relations, and concentration of purchases with limited suppliers to obtain better prices and service. Approval might be temporary until we evaluate the supplier in more detail. We may inspect a proposed supplier's facilities during and after the approval process to make sure that the supplier meets our standards. If it does not, we may revoke our approval by notifying the supplier and you in writing. We are not required to provide you or the proposed supplier with our evaluation criteria. We are not required to authorize a product or supplier if we do not believe it is in the best interests of the System to do so.

The cost of the items that you must purchase from us, our affiliates or from suppliers designated by us represents approximately 50% to 57% of your total purchases in connection with the establishment of your Store. The cost of the items that you must purchase from us, our affiliates or from suppliers designated by us represents approximately 90% of your total purchases in operating your Store.

We have the right to collect and retain any and all allowances, rebates, credits, incentives, or benefits (collectively, "Allowances") offered by manufacturers, suppliers, and distributors to you, to us, or to our affiliates, based upon your purchases of products and services from manufacturers, suppliers, and distributors. We or our affiliates will have all of your right, title, and interest in and to any and all of these Allowances. We or our affiliates may collect and retain any or all of these Allowances without restriction (unless otherwise instructed by the manufacturer, supplier, or distributor). During our fiscal year ended December 31, 2013, we did not receive any Allowances.

There currently are no purchasing or distribution cooperatives in which you must participate, but we reserve the right to establish them in the future. We also intend to negotiate purchase arrangements with suppliers (including price terms and/or volume discounts) for franchisees. We do not provide material benefits to a franchisee, such as the grant of a renewal franchise, for using designated or approved suppliers.

You must select a site that you propose to use for your Store and you must submit to us all information we require to evaluate the site you propose. You may not obtain the site (by lease, sublease or purchase agreement) until the site has been approved by us. We reserve the right to review any lease, sublease or purchase agreement for the approved site before you sign it. At our request, you and your landlord must sign our form of Collateral Assignment of Lease, attached to the Franchise Agreement as Exhibit H.

You must arrange for blueprints and/or construction plans to be prepared for the build-out of your Store. We reserve the right to designate the architect or design firm that you must use. We will provide you with our requirements for the layout of your Store. Any blueprints or construction plans must be submitted to us for our approval before you may begin construction. Our review is only meant to verify compliance with our standards and presentation of the Proprietary Marks. You must make sure that the plans are in compliance with all applicable laws, ordinances and building codes.

Any advertising materials that you have had prepared for you, or that we have not approved within the most recent 12 month period, and that you wish to use to promote your Store must be submitted to us for our approval before the materials may be used. You may not use any advertising materials that we have not approved.

Insurance

You must obtain, before beginning any operations under the Franchise Agreement, and must maintain in full force and effect at all times during the term of the Franchise Agreement, at your own expense, an insurance policy or policies protecting you, us, our affiliates, and our respective officers, directors, partners, and employees. The policies must provide protection against any demand or claim relating to personal and bodily injury, death, or property damage, or any liability arising from your operation of the Store. All policies must be written by a responsible carrier or carriers whom we determine to be acceptable, must name us and our affiliates as additional insureds, and must provide at least the types and minimum amounts of coverage specified in the Franchise Agreement or otherwise in the Operations Manual. Each policy must provide us with 30 days' advance notice of any change to or cancellation of the policy. Additionally, we may designate one or more insurance companies as the insurance carrier(s) for The Beef Jerky Outlet Stores. If we do so, we may require that you obtain your insurance through the designated carrier(s).

Presently, you must maintain the following minimum insurance amounts: (1) "all risk" property insurance coverage for assets of the Store; (2) workers' compensation insurance and employer liability coverage with a minimum limit of \$1,000,000 or higher if your state law requires; (3) comprehensive general liability insurance with a minimum liability coverage of \$1,000,000 per occurrence and \$2,000,000 in the aggregate, or higher if your state law requires; (4) business interruption insurance; (5) automobile liability insurance of at least \$1,000,000 or higher if your state law requires for any vehicles used in the operation of your Store; (6) insurance coverage for contractual indemnity; (7) any insurance required by the terms of your lease agreement or mortgage for the Store; and (8) any other insurance we may require you to have.

We have the right to require that you obtain from your insurance company a report of claims made and reserves set against your insurance. We reserve the right to change our insurance requirements during the term of your Franchise Agreement, including the types of coverage and the amounts of coverage, and you must comply with those changes.

Your insurance policies must be issued by an insurance company licensed to do business in the state where your Store is located and which has an A.M. Best rating of A or higher. Not later than two weeks before your Store opens, you must provide us with a certificate of insurance showing that you have obtained all required insurance coverages, and you must provide us with updated certificates of insurance when policies are renewed.

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	Article in Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	Franchise Agreement: 2 Multi-Unit Operator Agreement: 3	6, 7, 11

Obligation	Article in Agreement	Disclosure Document Item
b. Pre-opening purchases/ leases	Franchise Agreement: 2	7, 8, 11
c. Site development and other pre-opening requirements	Franchise Agreement: 2	7, 8, 11
d. Initial and ongoing training	Franchise Agreement: 4	7, 11
e. Opening	Franchise Agreement: 2	11
f. Fees	Franchise Agreement: 3, 4, 9, 11, 12, and 16 Multi-Unit Operator Agreement: 2 and 3	5, 6, 7, 11
g. Compliance with standards and policies/Operating Manual	Franchise Agreement: 4 and 8	8, 11, 16
h. Trademarks and proprietary information	Franchise Agreement: 5 and 6 Multi-Unit Operator Agreement: 7	13, 14
i. Restrictions on products/ services offered	Franchise Agreement: 1 and 8	8, 16
j. Warranty and customer service requirements	Franchise Agreement: 8.4	16
k. Territorial development and sales quotas	Multi-Unit Operator Agreement: 3	12
l. Ongoing product/service purchases	Franchise Agreement: 2 and 8	8, 16
m. Maintenance, appearance and remodeling requirements	Franchise Agreement: 8	11
n. Insurance	Franchise Agreement: 8	7
o. Advertising and Brand Development	Franchise Agreement: 9	6, 7, 11
p. Indemnification	Franchise Agreement: 5 and 16 Multi-Unit Operator Agreement: 14	6
q. Owner's participation/ management/staffing	Franchise Agreement: 1 Multi-Unit Operator Agreement: 7	15
r. Records/reports	Franchise Agreement: 10	6
s. Inspection/audits	Franchise Agreement: 11 Multi-Unit Operator Agreement: 12	6, 11
t. Transfer	Franchise Agreement: 12 Multi-Unit Operator Agreement: 11	6, 17
u. Renewal	Franchise Agreement: 13 Multi-Unit Operator Agreement: 5	6, 17

Obligation	Article in Agreement	Disclosure Document Item
v. Post-termination obligations	Franchise Agreement: 15 Multi-Unit Operator Agreement: 10	17
w. Non-competition covenants	Franchise Agreement: 7, 12 and 15 Multi-Unit Operator Agreement: 12	17
x. Dispute resolution	Franchise Agreement: 17 Multi-Unit Operator Agreement: 19	17
y. Liquidated damages	Franchise Agreement: 15	6

ITEM 10 **FINANCING**

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

Franchisees of The Beef Jerky Outlet System are eligible for expedited and streamlined Small Business Administration (“SBA”) loan processing through the SBA’s Franchise Registry Program, www.franchiseregistry.com.

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

Except as listed below, The Beef Jerky Outlet Franchise, Inc. is not required to provide you with any assistance.

Pre-Opening Obligations

Franchise Agreement: Before you open the Store, we will:

1. Review and approve the site you propose to use for your Store, if it meets our criteria, and identify your designated territory. (See Item 12.) You must provide us with the information we need to evaluate the site within 180 days after you sign the Franchise Agreement. Our criteria for evaluating sites includes demographic characteristics; traffic patterns; parking; character of neighborhood; competition from, proximity to, and nature of other businesses; size; appearance; and other physical and commercial characteristics. (Franchise Agreement – Section 2.1) If you have not located a site that meets our approval within 180 days after you sign the Franchise Agreement, we may terminate the Franchise Agreement.

2. Identify the Operating Assets, products, materials, supplies, and services you must purchase or lease and use to develop and operate the Store, the minimum standards and specifications that you must satisfy, and the designated and approved suppliers from whom you must or may buy or lease these items (which might be limited to or include us and/or our affiliates). (Franchise Agreement – Sections 2.2 and 8.)

3. Lend to you one copy of the Operations Manual, which we may provide in hard copy format, by CD-ROM or via a password-protected Website. (Franchise Agreement – Section 4.3.) The Operations Manual contains mandatory and suggested specifications, standards, operating procedures,

and rules (“System Standards”) that we periodically require. We may modify the Operations Manual periodically to reflect changes in System Standards and you must comply with any changes we make.

4. Train you or your Designated Manager at no additional charge. (Franchise Agreement – Section 4.1.) We describe this training later in this Item.

5. As part of our initial training program, provide up to one week of on-site assistance and training for the opening of your Store. If you request additional days of on-site assistance, you must reimburse our representative’s expenses while providing the additional days of assistance, including lodging and meals. (Franchise Agreement – Section 4.1.) If you are opening your second or later Store, we reserve the right to reduce the amount of opening assistance provided or to not provide opening assistance.

Multi-Unit Operator Agreement: Under the Multi-Unit Operator Agreement we will provide you with the following assistance:

1. We will grant to you exclusive rights to an Exclusive Area within which you will assume the responsibility to establish and operate an agreed-upon number of The Beef Jerky Outlet Stores under separate Franchise Agreements (Multi-Unit Operator Agreement – Section 1.1).

2. We will review site survey information on sites you select for conformity to our standards and criteria for potential sites and, if the site meets our criteria, approve the site for a Store (Multi-Unit Operator Agreement – Section 8.1).

3. We will provide you with standard specifications for building and furnishing the Store (Multi-Unit Operator Agreement – Section 8.2).

4. We will review your site plan and final build-out plans and specifications for conformity to our standards and specifications (Multi-Unit Operator Agreement – Section 8.3).

5. We may conduct on-site evaluations, as we deem advisable, as part of our evaluation of the site for a Store.

6. We will provide other resources and assistance as may be developed and offered to our Multi-Unit Operators (Multi-Unit Operator Agreement – Section 8.4).

Continuing Obligations

Franchise Agreement: During your operation of the Store, we will:

1. Advise you regarding the Store’s operation based on your reports and/or our inspections. We also will guide you on standards, specifications, and operating procedures and methods that The Beef Jerky Outlet Stores use; purchasing required Operating Assets and inventory; advertising and marketing programs; and employee training, administrative, bookkeeping, and accounting procedures. We will guide you in our Operations Manual, bulletins, or other written materials, e-mails, during telephone consultations, and/or during consultations at our office or at your Store. (Franchise Agreement – Section 4.2.)

2. Give you, at your request, additional or special guidance, assistance, and training, some of which may be included as part of our continuing obligations and some of which may be available to you for our then-current per diem fee, plus expenses. (Franchise Agreement – Section 4.2.)

3. Inspect and observe the operation of the Store to help you comply with the Franchise Agreement and all System Standards. (Franchise Agreement – Section 11.1.)
4. Let you use our confidential information. (Franchise Agreement – Section 6.)
5. Let you use the Proprietary Marks. (Franchise Agreement – Section 5.)
6. Determine the minimum and/or maximum prices you may charge, as permitted by applicable law. (Franchise Agreement – Section 8.7.) We do not guarantee that by following our pricing requirements you will earn any level of sales or profitability. If you sell products via the internet, your prices on the internet may not be lower than you charge in your Store.
7. Maintain the Marketing Fund. (Franchise Agreement – Section 9.3.)

Advertising and Marketing

Grand Opening Advertising

You must conduct an advertising campaign announcing the grand opening of your Store and you must spend between \$2,500 and \$5,000 for this campaign. Your grand opening advertising campaign must be conducted in the first 90 days after the opening of your Store. You must submit to us, for our approval, the proposed grand opening advertising campaign before you conduct the campaign. Your grand opening advertising campaign must include the promotions we require, including print advertising, free samples and give-aways. At our request, you must give us \$5,000 for the grand opening advertising campaign and we will conduct the campaign on your behalf.

Marketing Fund

We have established a Marketing Fund (“Fund”) to promote the System, The Beef Jerky Outlet Stores and the products and services offered by Stores. (Franchise Agreement – Section 9.3.) You must pay a non-refundable Marketing Fee to the Fund in an amount equal to 2% of Gross Sales. With 30 days’ prior written notice to you, we may increase the Marketing Fee, up to a maximum of 4% of Gross Sales. The Fund will be used for national and regional advertising, marketing, publicity and promotional activity relating to our business. We will determine, in our fully unrestricted discretion, the manner in which the Fund will be spent. Some portion of the Fund may be used for creative concept production, marketing surveys, test marketing and related purposes. We may also use a portion of the Fund to support our website, including webpages for our franchisees, and social media initiatives.

We have the right to direct all advertising activities with sole discretion over creative concepts, materials and media used, as well as their placement and allocation. We also have the right to determine, in our sole discretion, the composition of all geographic and market areas for the implementation of these advertising and promotional activities. The Fund is intended to maximize general public recognition in all media of the Proprietary Marks and patronage of The Beef Jerky Outlet Stores and we have no obligation to ensure that expenditures of the Fund in or affecting any geographic area are proportionate or equivalent to payments of the Marketing Fee by franchisees operating in that geographic area, or that any Store will benefit directly or in proportion to the Marketing Fees paid for the development of advertising and marketing materials or the placement of advertising. No amount of the Fund will be spent for advertising that is principally a solicitation for the sale of franchises.

We have the right to reimburse ourselves out of the Fund for the total costs (including indirect costs) of developing, producing and distributing any advertising materials and collecting the Marketing Fee (including attorneys', auditors' and accountants' fees and other expenses incurred in connection with collecting any Marketing Fee).

Stores owned by us or our affiliates will contribute to the Fund on the same basis as you. Funds from the Marketing Fees paid will be kept in a non-interest bearing account separate from our other funds. These funds will not be used to defray any of our general operating expenses, except as described in the paragraph above. Any sums paid to the Fund that are not spent in the year they are collected will carry over to the following year. We will prepare, and furnish to you upon written request, an annual statement of funds collected and costs incurred. We are not required to have any Fund statement audited, but if we choose to have the Fund audited it will be at the Fund's expense.

Although the Fund is intended to be perpetual, we may terminate the Fund at any time. The Fund will not be terminated until all monies in the Fund have been spent for advertising or promotional purposes or returned to contributors on a pro rata basis. If we terminate the Fund, we have the right to reinstate it at any time and you must again contribute to the Fund. Any reinstated Fund will be maintained as described above.

During the fiscal year ended December 31, 2013, the Fund did not make any expenditures. All money remaining in the fund at the end of 2013 have carried forward to 2014.

Local Marketing

You must spend each month a minimum of 2% of your Store's Gross Sales on advertising for your Store in your Designated Territory. You may not directly solicit customers outside of your Designated Territory. Within 30 days of our request, you must provide us with proof that you have spent the minimum required amount for local marketing.

Your advertising promotion and marketing must be completely clear, factual and not misleading and conform to the highest standards of ethical advertising and marketing and the advertising and marketing policies that we periodically prescribe. All of your advertising must also comply with any applicable laws or regulations. Before you use them, you must send us for approval samples of all advertising, promotional and marketing materials which we have not prepared or previously approved. If you do not receive written approval within 15 days after we receive the materials, they are deemed to be disapproved. You may not use any advertising, promotional or marketing materials that we have disapproved or that have not been approved by us within the previous 12 months. All proposed advertising materials submitted to us for review will become our property and there will be no limitation on our use or distribution of these materials. At our request you must include certain language in your local advertising materials, including "Franchises Available," our website address and telephone number. This language shall be included on a dedicated sign that you must purchase from our designated vendor.

Cooperative Advertising

We do not anticipate forming, or approving the formation of regional advertising cooperatives.

Advisory Council

We reserve the right to establish an advisory council comprised of franchisees and our representatives to work with us to improve various aspects of the System, including advertising conducted by the Fund, new products or services to be offered, and similar issues. Franchisee participants will be

chosen by us or may be elected by other franchisees in the System. If you participate on an advisory council, you must pay all expenses you incur related to your participation, such as travel and living expenses to attend council meetings. If established, the advisory council will act in an advisory capacity only and will not have decision making authority. We have the right to establish, change, merge or dissolve any advisory council at any time. We currently have no advisory councils.

Website / Intranet

We alone may establish, maintain, modify or discontinue all internet, worldwide web and electronic commerce activities pertaining to the System. We may establish one or more websites accessible through one or more uniform resource locators (“URLs”) and, if we do, we may design and provide for the benefit of your Store a “click through” subpage at our website for the promotion of your Store. If we establish one or more websites or other modes of electronic commerce and if we provide a “click through” subpage at the website(s) for the promotion of your Store, you must routinely provide us with updated copy, photographs and news stories about your Store suitable for posting on your “click through” subpage. We reserve the right to specify the content, frequency and procedure you must follow for updating your “click through” subpage. If you sell products via the internet, your prices on the internet may not be lower than you charge in your Store.

Any websites or other modes of electric commerce that we establish or maintain may – in addition to advertising and promoting the products and services available at The Beef Jerky Outlet Stores – also be devoted in part to offering The Beef Jerky Outlet franchises for sale and be used by us to exploit the electronic commerce rights which we alone reserve.

In addition to these activities, we may also establish an intranet through which downloads of operations and marketing materials, exchanges of franchisee e-mail, System discussion forums and system-wide communications (among other activities) can be done. You may not maintain your own website; otherwise maintain a presence or advertise on the internet or any other mode of electronic commerce in connection with your Store; establish a link to any website we establish at or from any other website or page; or at any time establish any other website, electronic commerce presence or URL which in whole or in part incorporates “The Beef Jerky Outlet” name or any name confusingly similar to the Marks without our prior written consent. If you participate in internet sales, you may only do so through the “click through” subpage on our website that we provide. You are strictly prohibited from selling any products using any other internet presence, such as Amazon.com or Ebay.

You are not permitted to promote your Store or use any of the Marks in any manner on any social or networking websites, such as Facebook, LinkedIn or Twitter, without our prior written consent. We will control all social media initiatives. You must comply with our System Standards regarding the use of social media in your Store’s operation, including prohibitions on your and the Store’s employees posting or blogging comments about the Store or the System, other than on a website established or authorized by us (“social media” includes personal blogs, common social networks like Facebook and MySpace, professional networks like LinkedIn, live-blogging tools like Twitter, virtual worlds, file, audio and video-sharing sites, and other similar social networking or media sites or tools). We will provide access to branded social media pages/handles/assets, and you must update these regularly. We reserve the right to conduct collective/national campaigns via local social media on your behalf.

We alone will be, and at all times will remain, the sole owner of the copyrights to all material which appears on any website we establish and maintain, including any and all material you may furnish to us for your “click through” subpage.

Computer/POS System

You must purchase and use a certain POS system that meets our specifications and that is capable of electronically interfacing with our computer system. The POS system will provide for sales tracking, inventory management, financial reporting, and credit card processing.

The POS system is designed to enable us to have immediate access to the information monitored by the system, including gross sales and inventory information, and there is no contractual limitation on our access to or use of the information we obtain. You must install and maintain equipment and a high-speed internet connection (such as T-1, DSL or cable modem) in accordance with our specifications. You must make sure that we have access at the times and in the manner we specify, at your cost.

You must purchase a computerized POS System from The General Store that includes their proprietary point of sale software. You must also have Microsoft Office on your POS system. The POS system may be purchased from any authorized seller, unless we specify that you must use a specific supplier. We expect that the POS system will cost between \$4,500 and \$5,000. We reserve the right to change the designated POS system in the future.

You must have a maintenance contract for your POS system, which we expect will cost \$350 annually. You must obtain any upgrades and/or updates to the POS system, including hardware and/or software updates or upgrades, at your expense. The Franchise Agreement does not limit our ability to require you to update and/or upgrade your POS system or the cost of any update and/or upgrade. We may also require you to completely replace the POS system with a new system of our choosing. Neither we nor any of our affiliates has any responsibility to provide you with any maintenance, updates and/or upgrades for your POS system.

You must obtain and maintain Internet access or other means of electronic communication, as specified by us. It will be a material default under the Franchise Agreement if you do not maintain the equipment, lines and communication methods in operation and accessible to us at all times throughout the term of the Franchise Agreement. We must have access at all times and in the manner that we specify.

The specifications for the hardware and software of the POS system are contained in our Operations Manual.

Site Selection

You must select the site for your Store, and you must obtain our written approval of any proposed site in accordance with our procedures. Our written approval will not be unreasonably withheld if the site meets our minimum qualifications. You will have 180 days after you sign the Franchise Agreement to submit to us and obtain our approval of a site for your Store using the site selection criteria we provide. We will have 30 days after we have received from you all of the information we require concerning the site to notify you whether or not the site you proposed is approved by us. In evaluating a site, we may consider the factors we deem material, including demographic characteristics, traffic patterns, parking, the predominant character of the neighborhood, competition within the area, rental obligations, and the site's size, appearance and other physical characteristics. Unless we provide our specific approval of a site, the site is deemed not approved. Our approval of your site is not a warranty or guarantee that you will be successful at that site. Our approval only indicates that the site meets our then-current minimum criteria for The Beef Jerky Outlet Store. If you have not located a site that has met our approval within 180 days after the Franchise Agreement is signed, we may terminate the Franchise Agreement.

Once we approve a proposed site, you must sign a lease for the site. The terms of your lease must not conflict with the terms of your Franchise Agreement, and the length of the lease should not be longer than the term length of your Franchise Agreement. You must submit the lease to us for our approval before you sign it. At our request, you and your landlord must sign our form of Collateral Assignment of Lease, attached as Exhibit H to the Franchise Agreement.

Opening

We estimate that it will be nine months after you sign the Franchise Agreement before you open the Store, but this depends on the site's location and condition, how much you must upgrade or remodel the approved location, how long it takes to complete training, and your compliance with local laws and regulations. You may not open the Store until: (1) pre-opening training is completed to our satisfaction by all required persons; (2) you pay the initial franchise fee and all other amounts then due to us; (3) the Store has been built-out, equipped and stocked with inventory according to our specifications; (4) you give us certificates for all required insurance policies; and (5) you have obtained all required permits and licenses for your Store. You must open the Store within 300 days after signing the Franchise Agreement. If you are unable to open your Store within this 300 day period, except for circumstances not in your control, we may terminate the Franchise Agreement or we may grant you an extension of time to open the Store.

If you are a Multi-Unit Operator, you must sign your first Franchise Agreement at the same time you sign the Multi-Unit Operator Agreement. The typical length of time between the signing of the Franchise Agreement and the opening of your Store is the same as for an individual franchisee.

Training

Before your Store opens, we will train you and/or your Designated Manager in operating the Store. If you wish to send additional people to the initial training program, you may do so with our prior consent and at your cost. Approximately one week of training will be held at one of our affiliate's Stores or another location we designate.

You and/or your Designated Manager must satisfactorily complete initial training, which is mandatory, and participate in all other activities required to operate the Store. Our training program must be completed to our satisfaction by you or your Designated Manager not later than 30 days before your Store opens. The cost for providing the initial training program to you or your Designated Manager is included in the initial franchise fee, but you must pay all travel, lodging, meals and wage expenses for you or your Designated Manager. We may require you to replace the Designated Manager if we determine that he or she is not qualified to hold that position. You must pay us for training a replacement. (Franchise Agreement – Section 4.1)

Training will occur after you sign the Franchise Agreement and while you are developing the Store. We plan to be flexible in scheduling training to accommodate our personnel, you, and other trainees. There currently are no fixed (such as monthly or bi-monthly) training schedules, but there may be in the future. We will conduct training on an as needed basis, based on the number of new franchisees entering the System, new Designated Managers needing training and other similar factors. We may train more than one franchisee or its Designated Manager at the same training session.

In addition to the training program, we will provide you with one of our representatives to provide up to one week of on-site assistance and training for the opening of your Store. If you request additional days of on-site assistance, you must reimburse our representative's expenses while providing

the additional on-site opening assistance, including lodging and meals. If you are opening your second or later Store, we reserve the right to reduce the amount of opening assistance provided.

The materials we use in our initial training program include our confidential Operations Manual and any other materials that we believe will benefit our franchisees in the training process. As of the date of this Disclosure Document, we provide the following training:

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Operations, Manual, Recruiting, Management Training	2	3	Affiliate Store
Sales and Promotion	2	14	Affiliate Store
Store Layout	4	2	Affiliate Store
Computer/POS Training	2	14	Affiliate Store
Vendor, Supplies, Merchandising	3	2	Affiliate Store
Operations, Manual, Recruiting, Management Training	2	8	Your Store
Sales and Promotion	0	18	Your Store
Computer/POS Training	0	8	Your Store
Vendor, Supplies, Merchandising	0	4	Your Store

Our classroom and on-the-job training is integrated. Our training program is conducted by Bruce Parker, Alan Musick, Scott Parker and Paul Lyons. We reserve the right to draw upon the substantial experience of our affiliate’s employees to assist in providing training on certain subjects. The minimum experience of the instructors in the field that is relevant to the subject taught and our operations is from 6 to 20 years. We reserve the right to modify our training program as needed based on the individual skills, experience and/or needs of any individual trainee.

We may periodically offer refresher training programs and we may designate that refresher training is mandatory for you and/or your Designated Manager. If we choose to hold these training programs, we do not anticipate charging a fee but you must pay any expenses you and your attendees incur, including travel, lodging, meals and applicable wages.

We reserve the right to hold franchisee meetings on a regional and/or national basis, and we may designate that attendance at the meeting is mandatory unless your absence is excused by us. We will designate the location and length of the franchisee meeting, but we will not select an unreasonably expensive location. We will not charge a fee for any franchisee meeting, but you must pay all expenses you and your attendees incur, including travel, lodging, meals and applicable wages.

Operations Manual

The Table of Contents of our Operations Manual is attached to this Disclosure Document as Exhibit G. Our Operations Manual includes approximately 231 pages.

ITEM 12 **TERRITORY**

Franchise Agreement

You will operate the Store at a specific location that we first must approve, as described in Item 11. Once your location has been approved, we will determine your Designated Territory. Your Designated Territory will be described in Exhibit B to the Franchise Agreement, and will be the area within a radius of five city blocks around your Store if you are located in a highly populated, urban area. If your Store is in a less densely populated, suburban area, your Designated Territory may be up to a two mile radius around your Store. Except as limited below, and if you are in full compliance with the Franchise Agreement, we and our affiliates will not operate or grant a franchise for the operation of another The Beef Jerky Outlet Store at a location within the Designated Territory during the term of your Franchise Agreement.

If any non-traditional site (such as an airport, hospital, school, office building, stadium, arena, ballpark, military base and other mass gathering locations or events) is located within the physical boundaries of your Designated Territory, then the premises of this non-traditional site will not be included in your Designated Territory and you will have no rights to this non-traditional site. If your Store is located at a non-traditional site, you will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

If a non-traditional site becomes available that is near your Designated Territory we may, but are not required to, offer you the opportunity to open a Store at the non-traditional site. You must be in compliance with your Franchise Agreement and current in all payments owed to us and/or our affiliates. If we offer you this right of first refusal, you will have 30 days after receiving information from us concerning the new Store opportunity to accept the right of first refusal. If you decline this right of first refusal or do not respond to us within the 30 day period, we may offer the opportunity to develop a Store at the non-traditional site to a third party or we or one of our affiliates may open a Store at the non-traditional site.

You may not relocate the Store from the approved site without our approval. If we approve your request to relocate your Store, the new site must be within your Designated Territory. We will use our then-current criteria to review a proposed relocated site for your Store. We reserve the right to require you to sign our then-current Franchise Agreement. While will not have to pay another initial franchise fee, you must reimburse our expenses related to your relocation request.

During the term of the Franchise Agreement, we will not establish or operate, nor license any other person to establish or operate, a Store in your Designated Territory, except as may be permitted under the Franchise Agreement and those exceptions are described below. There are no circumstances under which the Designated Territory may be altered before your Franchise Agreement expires or is terminated. Your territorial protection does not depend on your achieving a certain sales volume, market penetration, or other factor, other than compliance with the Franchise Agreement. Except as described above related to a non-traditional site, you are not granted a right of first refusal to purchase additional franchises.

Except as expressly limited by the Franchise Agreement, we and our affiliates retain all rights with respect to The Beef Jerky Outlet Stores, the Marks, and any products and services anywhere in the world including the right: (a) to offer and sell and to grant others the right to offer and sell the products and services offered at Stores, both within and outside the Designated Territory, under trade and service marks other than the Marks and under any terms and conditions we deem appropriate; (b) to operate and to grant others the right to operate Stores located outside the Designated Territory under any terms and conditions we deem appropriate and regardless of proximity to your Store; and (c) to acquire and operate a business operating one or more similar stores located or operating in your Designated Territory, but if one of these stores is located within your Designated Territory, it will not operate using the Proprietary Marks.

You will advertise to and solicit customers located within your Designated Territory and you may accept orders from customers outside of your Designated Territory. You may not directly market to or solicit customers outside of your Designated Territory. You may establish other channels of distribution for the sale of products and services including Internet sales using the website that we provide to you, catalog sales, telemarketing, or other direct marketing sales if the customers are not located in another franchisee's designated territory. If we or our affiliates receive orders through an alternate channel of distribution, such as their website(s), you will not receive any portion of the revenue generated from these orders, even if the order is generated from or mailed to an address within your Designated Territory. If you choose to use the website that we provide to you to sell products, the prices on the website must match the prices you charge in your Store and you may not make any changes to your website without our prior approval. You must make sure that any orders placed through your website are fulfilled. We will not take any portion of the revenues from orders made through your website but you must pay us any applicable royalties and other fees related to the sale. If we request it, you must combine advertising with other franchises that are located in the market targeted by the advertising. You are permitted to sell products at wholesale only within your Designated Territory.

We have not yet established other franchises or company-owned outlets or another distribution channel selling or leasing similar products or services under a different trademark. We describe earlier in this Item 12 what we may do anywhere and at any time.

Neither we nor any parent or affiliate has established, or presently intends to establish, other franchised or company-owned Stores which sell our products or services under a different trade name or trademark, but we reserve the right to do so in the future, without first obtaining your consent.

Multi-Unit Operator Agreement

Under the Multi-Unit Operator Agreement, we grant you the right to develop and operate the number of Stores in the Exclusive Area that is specified in the Minimum Performance Schedule, which is an exhibit to the Multi-Unit Operator Agreement. The Exclusive Area is typically described in terms of municipal or county boundaries but may be defined by zip codes or as a specified trade area in a municipality. The actual size of the Exclusive Area will vary depending upon the availability of contiguous markets, our long range development plans, your financial and operational resources, population and market conditions. Our designation of a particular Exclusive Area is not an assurance or warranty that there are a sufficient number of suitable sites for Stores in the Exclusive Area for you to meet your Minimum Performance Schedule. The responsibility to locate and prepare a sufficient number of suitable sites is solely yours and we have no obligation to approve sites which do not meet our criteria so you can meet the Minimum Performance Schedule.

Except as described below, during the term of the Multi-Unit Operator Agreement, we and our affiliates will not operate or grant a franchise for the operation of The Beef Jerky Outlet Stores to be

located within the Exclusive Area. However, we have the right to terminate this exclusivity if you are not in full compliance with all of the terms and conditions of the Multi-Unit Operator Agreement and all of the Franchise Agreements signed under it.

Except as expressly limited by the Multi-Unit Operator Agreement, we and our affiliates retain all rights with respect to The Beef Jerky Outlet Stores, the Marks, and any products and services anywhere in the world including the right: (a) to offer and sell and to grant others the right to offer and sell the products and services offered at Stores, both within and outside the Exclusive Area, under trade and service marks other than the Marks and under any terms and conditions we deem appropriate; (b) to operate and to grant others the right to operate Stores located outside the Exclusive Area under any terms and conditions we deem appropriate and regardless of proximity to your Stores; and (c) to acquire and operate a business operating one or more similar stores located or operating in your Exclusive Area, but if one of these stores is located within your Exclusive Area, it will not operate using the Proprietary Marks.

After the last Store under the Minimum Performance Schedule has opened, if we believe that it is desirable to establish additional Stores within the Exclusive Area, and if you complied with the terms of your Multi-Unit Operator Agreement and are in compliance with your Franchise Agreements, we will offer you the right to develop these additional Stores. You must exercise this option, in full, within 60 days after our notice to you. If you do not exercise or you decline this right of first refusal, we shall have the right to sell these development rights to another multi-unit operator or to develop the Stores ourselves.

To maintain your rights under the Multi-Unit Operator Agreement you must have open and in operation the cumulative number of Stores stated on the Minimum Performance Schedule by the dates agreed upon in the Minimum Performance Schedule. Failure to do so will be grounds for either a loss of territorial exclusivity or a termination of the Multi-Unit Operator Agreement.

In addition, upon the expiration of the term of the Multi-Unit Operator Agreement, which is when the last Store to be developed within the Exclusive Area opens for business, your exclusive rights under the Multi-Unit Operator Agreement with respect to the Exclusive Area will terminate and we and our affiliates will have the right to operate and to grant to others development rights and franchises to develop and operate The Beef Jerky Outlet Stores within the Exclusive Area. This right will be subject only to the territorial rights under the Franchise Agreements signed by you for Store in the Exclusive Area and your right of first refusal, as described above. The Exclusive Area may not be altered unless we and you mutually agree to do so. There are no minimum sales goals, market penetration or other contingency that you must meet to keep the exclusivity of your Exclusive Area, except that you must meet your Minimum Performance Schedule.

ITEM 13 **TRADEMARKS**

Under the Franchise Agreement, we grant to you the right to use certain trademarks, service marks and other commercial symbols in connection with the operation of your franchise. The Multi-Unit Operator Agreement does not grant you the right to use the Proprietary Marks. We own the Proprietary Marks which have been registered or applied for registration with the United States Patent and Trademark Office (“USPTO”) as follows:

Mark	Application Date	Serial Number	Registration Date	Registration Number
The Beef Jerky Outlet (standard character mark)	8/1/2000	76/101,362	10/25/2005	3,009,689 (Supplemental Register)
The Beef Jerky Outlet (logo)	8/11/2010	85/105,270	8/23/2011	4,014,963 (Principal Register)

We intend to file all affidavits and to renew our registrations for the Marks when they become due.

You must follow our rules when you use the Marks. You may not use any Mark (1) in your corporate or legal business name; (2) with any prefix, suffix or other modifying words, terms, designs, or symbols (except for those we license to you); (3) in selling any unauthorized services or products; (4) as part of any domain name, electronic address, or search engine you maintain on any website, except for the website we provide to you; or (5) in any other way we have not expressly authorized in writing.

There are no currently effective determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of this state or any court, nor is there any pending interference, opposition, or cancellation proceeding, nor any pending material litigation involving the Marks which may be relevant to their use in this state or in any other state.

There are no agreements currently in effect which limit our right to use or to license others to use the Marks.

You must promptly notify us of any suspected unauthorized use of the Marks, any challenge to the validity of the Marks, or any challenge to our ownership of, our right to use and to license others to use, or your right to use, the Marks. We have the sole right to direct and control any administrative proceeding or litigation involving the Marks, including any settlement. We have the right, but not the obligation, to take action against uses by others that may constitute infringement of the Marks. We may defend you against any third party claim, suit or demand arising out of your use of the Marks. If we, in our sole discretion, determine that you have used the Marks in accordance with your agreement with us, the cost of the defense, including the cost of any judgment or settlement, will be borne by us. If we determine that you have not used the Marks in accordance with your agreement, the cost of the defense, including the cost of any judgment or settlement, will be yours. If there is any litigation relating to your use of the Marks, you must sign any and all documents and do any acts as may, in our opinion, be necessary to carry out the defense or prosecution, including becoming a nominal party to any legal action. Except if this litigation is the result of your use of the Marks in a manner inconsistent with the terms of your agreement, we will reimburse you for your out-of-pocket costs in doing these acts.

There are no infringing uses actually known to us that could materially affect your use of the Marks in this state or elsewhere.

We reserve the right to substitute different proprietary marks for use in identifying the System and the businesses operating under it, at our sole discretion. We are not required to reimburse you for any costs you incur in relation to any change or substitution, such as the cost of changing stationery or signage, and have no obligation or liability to you as a result of any change or substitution.

ITEM 14
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

We do not have an ownership interest in any patents or registered copyrights that are material to the franchise.

You must operate the Store in accordance with the standards and procedures specified in the Operations Manual. One copy of the Operations Manual will be loaned to you by us for the term of the Franchise Agreement. We may provide the Operations Manual in hard copy format or electronically, such as by CD-ROM or a password protected website.

You must treat the Operations Manual and any other manuals we create or approve for use in your operation of the Store, and the information contained in them, as confidential. You must also use all reasonable efforts to maintain this information as secret and confidential and you must not duplicate, copy, record or otherwise reproduce these materials, in whole or in part, or make them available to any unauthorized person. The Operations Manual contains our trade secrets and remains our sole property and must be kept in a secure place on the Store premises.

We may revise the contents of the Operations Manual and you must comply with each new or changed standard. You must also make sure that the Operations Manual is kept current at all times. If there is a dispute regarding the contents of the Operations Manual, the terms of the master copy maintained by us at our home office will be controlling.

We claim proprietary rights in certain of our methods of operation and procedures which are included in the Operations Manual and which are our trade secrets. You and each of your owners are prohibited, during and after the term of your Agreement, from communicating, or using for the benefit of any other person or entity, and, after the term of your Agreement, from using for your or their own benefit, any confidential information, knowledge or know-how concerning the methods of operation of the Store that may be communicated to you or any of your owners or that you may learn about, including these trade secrets. You and each of your owners may divulge this confidential information only to your employees who must have access to it to operate the Store. Neither you nor your owners are permitted at any time, without first obtaining our written consent, to copy, record or otherwise reproduce the materials or information nor make them available to any unauthorized person. Any and all information, knowledge, know-how and techniques related to the System that we communicate to you, including the Operations Manual, plans and specifications, marketing information and strategies and site evaluation, selection guidelines and techniques, are considered confidential.

If we ask, you must have your Designated Manager and any of your personnel who have received or will have access to confidential information sign confidentiality covenants similar to the ones described above. Your owners also must sign these covenants.

If you, your owners, manager or employees develop any new concept, process or improvement in the operation or promotion of the Store, you must promptly notify us and give us all necessary information, free of charge. You, your owners, Designated Manager and employees must acknowledge that any of these concepts, processes or improvements will become our property and we may give the information to other franchisees and/or incorporate the new concept process or improvement as part of our System.

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

You must at all times faithfully, honestly, and diligently perform your contractual obligations. System Standards may regulate the staffing levels and employee qualifications, training, dress, and appearance of the Store. You need not participate full-time in the day-to-day operation of the Store, but you must devote substantial and continuing efforts to the operation of the Store. If you do not participate in the daily operations, you must hire a Designated Manager to oversee the Store's daily operation. If you are an individual, we may require you to be the Designated Manager. If you have a Designated Manager operate your Store, you must still make sure that the Store is operated in compliance with the terms of your Franchise Agreement, the Operations Manual and our System Standards. You and/or the Designated Manager must satisfactorily complete our initial training. If you replace the Designated Manager, the new Designated Manager must complete our initial training program, at your expense, within 60 days after being hired. You must keep us apprised of the Designated Manager's identity at all times. The Designated Manager need not have an equity interest in the Store or you but must agree in writing to preserve confidential information to which he or she has access. We may regulate the form of agreement that you use and be a third party beneficiary of that agreement with independent enforcement rights.

If you are a corporation, limited liability company, or partnership, your owners must personally guarantee your obligations under the Franchise Agreement and agree to be bound personally by every contractual provision, whether containing monetary or non-monetary obligations, including the covenant not to compete. This "Guaranty and Assumption of Obligations" is part of the Franchise Agreement. If we do not require one of your owners to sign the full Guaranty, that owner still must comply with all non-monetary obligations, including the covenant not to compete, as if he or she were the franchise owner.

If you employ any individual in a managerial position who is at the time employed in a managerial position by us or any of our affiliates, or by another of our franchisees, you must pay the former employer for the reasonable costs and expenses the employer incurred for the training of the employee.

You must also obtain covenants not to compete, including covenants applicable on the termination of the person's relationship with you, from your Designated Manager and any of your other personnel who have received or will have access to our training before employment, and any holder of a beneficial interest in you (except for any limited partners). You must have all of your management personnel sign covenants that they will maintain the confidentiality of information they receive or have access to based on their relationship with you. We reserve the right, in our discretion, to decrease the period of time or geographic scope of the non-competition covenants contained in the attachments or eliminate the non-competition covenants altogether for any party that must sign an agreement as described in this paragraph.

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer all products and perform all services that we periodically require for The Beef Jerky Outlet Store. Our System Standards may regulate required and authorized products and services and product and service categories. We periodically may change required and/or authorized products and services and product and service categories. There are no limits on our right to do so.

In our discretion, we may periodically permit certain Stores to offer bulk and/or specialty food products based on regional tastes and/or the local market. If we permit a Store to offer additional or

different products, we are not required to grant any other franchisee or Store a similar variance from our System Standards.

We do not impose any other restrictions in the Franchise Agreement or otherwise, as to the goods or services that you may offer or sell or as to the customers to whom you may offer or sell, except as described in Item 12. You must comply with our customer service requirements.

We reserve the right to determine the minimum and/or maximum prices for the products and services offered from your Store, as permitted by applicable law. You must comply with the prices required by us, but we make no guarantees or warranties that offering the products or services at the required price will enhance your sales or profits. If you sell products via the internet, your prices on the internet may not be lower than you charge in your Store.

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 Franchise Agreement	Summary
a. Length of the franchise term	Section 1.2	Five years
b. Renewal or extension of the term	Section 13	If you satisfy the requirements listed in (c) below, you may renew for up to three additional terms of five years each.
c. Requirements for franchisee to renew or extend	Section 13	<p>You must request a renewal within the last six months of the term of your Franchise Agreement. We will send you an invoice for the renewal fee as well as any documents that you must sign for the renewal, which may include a renewal Franchise Agreement and a release. If you do not wish to renew your agreement, you must provide us with notice of this election no later than 90 days before your agreement expires. If you do not pay the renewal fee and sign the documents we require, your agreement will not be renewed</p> <p>You may be asked to sign a contract with materially different terms and conditions than your original contract, but the boundaries of your territory will remain the same, and the fees on renewal will not be greater than the fees that we then impose on similarly situated renewing franchisees</p>

Provision	Section in Franchise Agreement	Summary
d. Termination by franchisee	Not applicable	The Franchise Agreement does not provide for this. But you may seek to terminate on any grounds available to you at law.
e. Termination by franchisor without cause	Not applicable	We may not terminate you without cause.
f. Termination by franchisor with cause	Section 14.1	Each of your obligations under the Franchise Agreement is a material and essential obligation, the breach of which may result in termination.
g. “Cause” defined – curable defaults	Section 14.2	You have three business days to cure monetary defaults, 30 days to cure operational defaults and other defaults not listed in (h) below. Curable defaults include unauthorized use of the Marks, failure to pay fees when owed, failure to comply with System Standards, and suspension of a required license or permit.
h. “Cause” defined – non-curable defaults	Section 14.1	Non-curable defaults include material misrepresentation, failure to open Store on time, failure to complete training, abandonment, unapproved transfers, conviction of a felony, failure to maintain insurance, interference with our right to inspect, dishonest or unethical conduct, unauthorized use or disclosure of the Operations Manual or confidential information, failure to pay taxes, repeated defaults (even if cured), bankruptcy, an assignment for the benefit of creditors, appointment of a trustee or receiver, violation of a non-compete restriction, uncured default under your lease, failure to pay amounts due, violation of any law, ordinance or regulation relating to terrorist activities or if assets, property or interests are “blocked” due to violations, failure to comply with any other provisions of the Agreement and failure not cured within required time.
i. Franchisee’s obligations on termination/non-renewal	Section 15	Obligations include paying outstanding amounts; complete de-identification of the Store; returning confidential information; sell to us the assets of the Store we choose to purchase, if any (also see (o) and (r) below).
j. Assignment of contract by franchisor	Section 12.1	No restriction on our right to assign; we may assign without your approval.
k. “Transfer” by franchisee – defined	Section 12.2	Includes transfer of Franchise Agreement, sale of Store’s assets and ownership change

Provision	Section in Franchise Agreement	Summary
l. Franchisor approval of transfer by franchisee	Section 12.3	No transfer without our prior written consent.
m. Conditions for franchisor approval of transfer	Section 12.3	New franchisee qualifies, you pay us, our affiliate and third party vendors all amounts due and submit all reports, new franchisee (and its owners and affiliates) are not in a competitive business, training completed, transferee signs our then current franchise agreement and other documents, transfer fee paid, you sign release, we approve material terms of the sale, you subordinate to us any amounts due to you, lease transferred (if applicable), owners of transferee sign guaranty, you agree to a non-compete restriction, and you remove any materials that identify you as The Beef Jerky Outlet Store franchise.
n. Franchisor's right of first refusal to acquire franchisee's business	Section 12.8	We may match any offer for your Store or an ownership interest in you.
o. Franchisor's option to purchase franchisee's business	Section 15.5	We may buy the Store or certain assets of the Store and its premises at fair market value after the Agreement is terminated or expires.
p. Death or disability of franchisee	Section 12.5	Upon your death or disability, your representative must designate an operator who is acceptable to us for your Store within 60 days and transfer your interest to an approved party within 180 days. This transfer is subject to the same terms and conditions as any other transfer.

Provision	Section in Franchise Agreement	Summary
q. Non-competition covenants during the term of the franchise	Section 7	You and your owners agree that, during the Agreement's term, neither you nor any owner, nor any member of your or an owner's immediate family will: (1) have any direct or indirect, controlling or non-controlling interest as an owner - (whether of record, beneficial or otherwise) in a Competitive Business (defined below), wherever located or operating; (2) perform services as a director, officer, manager, employee, consultant, representative or agent, or in any other capacity, for a Competitive Business, wherever located or operating; (3) recruit or hire any employee of ours, our affiliates or our franchisees or licensees without obtaining our or the employer's prior written permission; or (4) divert or attempt to divert any actual or potential business or customer of the Store to a Competitive Business. The term "Competitive Business" means a business that offers the same or substantially similar products and services as The Beef Jerky Outlet Store or grants franchise licenses to others to operate these types of businesses, other than a Store operated under an agreement with us.
r. Non-competition covenants after the franchise is terminated or expires	Section 15.4	No direct or indirect ownership interest in, or performing for, Competitive Businesses for two years within 25 miles of any The Beef Jerky Outlet Store in the System (same restrictions apply after transfer).
s. Modification of the agreement	Section 17.12	No modifications generally, but we may make changes to the Operations Manual and System Standards.
t. Integration/merger clause	Section 17.14	Only the terms of the Franchise Agreement (including the Operations Manual) are binding (subject to state law). Any other promises might not be enforceable.
u. Dispute resolution by arbitration or mediation	Section 17	Arbitration in Sevier County, Tennessee (subject to state law)
v. Choice of forum	Section 17	Sevier County, Tennessee (subject to state law)
w. Choice of law	Section 17	Tennessee law governs (subject to state law)

THE MULTI-UNIT OPERATOR RELATIONSHIP

Provision	Section in Multi-Unit Operator Agreement	Summary
a. Length of the franchise term	6	Length of the Minimum Performance Schedule
b. Renewal or extension of the term	5	After all Stores have been developed, we will negotiate in good faith another Multi-Unit Operator Agreement
c. Requirements for multi-unit operator to renew or extend	Not applicable	
d. Termination by multi-unit operator	Not applicable	The Agreement does not provide for this. But you may seek to terminate on any grounds available to you at law
e. Termination by franchisor without cause	Not applicable	
f. Termination by franchisor with cause	9	We can terminate if you commit any one of several listed violations
g. "Cause" defined – curable defaults	9	If you use the Marks or System without our consent; participating in a Competitive Business; failure to pay money to us when due; you begin developing a Store before all of your pre-development obligations are met; failure to obtain our consent when required; you open any Store before a Franchise Agreement for that Store has been signed
h. "Cause" defined – non-curable defaults	9	Failure to meet your minimum performance schedule; failure to comply with applicable laws; if all of your Stores stop operating; unauthorized transfer; you make a material misrepresentation to us; conviction by you or your owners of an indictable offense; bankruptcy or insolvency; if a Franchise Agreement with us is terminated according to its terms (this is a cross-default provision)
i. Multi-unit operator's obligations on termination/non-renewal	10	You must stop selecting sites for Stores, and you may not open any more Stores

Provision	Section in Multi-Unit Operator Agreement	Summary
j. Assignment of contract by franchisor	11	No restriction on our right to assign. However, no assignment will be made except to an assignee who, in our good faith judgment, is willing and able to assume our obligations under the Multi-Unit Operator Agreement
k. "Transfer" by multi-unit operator – defined	11	Includes transfer of any interest in the Multi-Unit Operator Agreement
l. Franchisor approval of transfer by multi-unit operator	11	We have the right to approve all transfers, our consent not to be unreasonably withheld
m. Conditions for franchisor approval of transfer	11	Conditions for transfer include not being in default, at least 25% of all Stores required to be developed are open or under construction, all debts are paid, the buyer meets our current criteria for new Multi-Unit Operators, execution of a general release (where legal), payment of transfer fee, buyer personally guarantees all obligations
n. Franchisor's right of first refusal to acquire multi-unit operator's business	11	We have the right to match the offer to purchase your business
o. Franchisor's option to purchase multi-unit operator's business	Not applicable	
p. Death or disability of multi-unit operator	11	Interest must be transferred to an approved party within 12 months
q. Non-competition covenants during the term of the franchise	12	Can't divert business or operate a Competitive Business anywhere
r. Non-competition covenants after the franchise is terminated or expires	13	No participation in a Competitive Business for two years and within 25 miles of any The Beef Jerky Outlet Store in the System
s. Modification of the agreement	18	No modifications except by mutual agreement of the parties
t. Integration/merger clause	18	Only the terms of the Multi-Unit Operator Agreement are binding (subject to state law)
u. Dispute resolution by arbitration or mediation	19	Arbitration in Sevier County, Tennessee (subject to state law)
v. Choice of forum	19	Sevier County, Tennessee (subject to state law)

Provision	Section in Multi-Unit Operator Agreement	Summary
w. Choice of law	18	Tennessee law governs (subject to state law)

ITEM 18
PUBLIC FIGURES

We do not use any public figure to promote our franchise. However, we reserve the right to use any public figure we choose in the future without your permission.

ITEM 19
FINANCIAL PERFORMANCE REPRESENTATIONS

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

We do not furnish or authorize our salespersons to furnish any oral or written information concerning the actual or potential sales, costs, income or profits of a Store, except as stated below. Actual results vary from Store to Store and we cannot estimate the results of any particular franchisee. The following represents the average gross sales, average gross cost, average gross profit and average gross margin achieved by 12 Stores owned and operated by our affiliates and our franchisees during the 2013 calendar year, but we did not include any operating expenses. Of the 12 Stores included in this financial performance representation, six are owned by our affiliates, and six are franchised Stores (the Store in which we have a partial ownership interest is counted as a franchised Store). We are not representing that you can expect to achieve these sales or expenses in your first year of operation, or at any time during the term of your Franchise Agreement. Your sales and expenses may vary depending on a number of factors, including the location of your Store and how you operate your business.

The financial performance representation provided below is divided into performance tiers. The first table shows the average results of the top four performing Stores. In this top performing tier, two of the Stores are owned by our affiliate and two are franchised Stores. The second table shows the average results of the middle four performing Stores. In this middle tier, three of the Stores are owned by our affiliate and one is a franchised Store. The third table shows the average results of the four bottom performing Stores. In this bottom tier, three of the Stores are owned by franchisees and one Store is a joint venture between us and a franchisee.

Table #1			
Average Results – Top Four Performing Stores			
Average Gross Sales	Average Gross Cost	Average Gross Profit	Average Gross Margin
\$737,779.78	\$376,267.69	\$361,512.09	49%

Table #2			
Average Results – Middle Four Performing Stores			
Average Gross Sales	Average Gross Cost	Average Gross Profit	Average Gross Margin
\$493,018.41	\$251,439.39	\$241,579.02	49%

Table #3			
Average Results – Bottom Four Performing Stores			
Average Gross Sales	Average Gross Cost	Average Gross Profit	Average Gross Margin
\$319,964.89	\$163,182.09	\$156,782.80	49%

These outlets have earned these amounts. Your individual results may differ. There is no assurance that you'll earn as much.

The figures used in this statement are average gross sales, average gross cost, average gross profit and average gross margin only. Net income will vary from Store to Store depending upon factors such as rental or real estate costs, costs of goods sold, labor costs and other costs relating to the operation of the Store.

We offered substantially the same services to the Stores described in this Statement. These Stores offered substantially the same products and services to the public as you will. The Stores report gross sales information to us based upon a uniform reporting system.

We strongly urge you to consult with your financial advisor or personal accountant concerning the financial analysis that you should make in determining whether or not to purchase The Beef Jerky Outlet franchise.

Written substantiation for the financial performance representation will be made available to the prospective franchisee upon reasonable request. The information presented above has not been audited.

Other than the preceding financial performance representation, we do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Scott Parker at 1309 Goose Creek Way, Seymour, Tennessee 37865 and (865) 934-8000; the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
Systemwide Outlet Summary
For years 2011, 2012, 2013

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Franchised	2011	1	3	+2
	2012	3	7	+4
	2013	7	14	+7
Company-Owned	2011	4	6	+2
	2012	6	6	0
	2013	6	5	-1
Total Outlets	2011	5	9	+4
	2012	9	13	+4
	2013	13	19	+6

The Company-Owned outlets reflected in the chart above are owned and operated by us and our affiliates.

Table No. 2
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For years 2011, 2012, 2013

Column 1 State	Column 2 Year	Column 3 Number of Transfers
Florida	2011	0
	2012	0
	2013	1
Total	2011	0
	2012	0
	2013	1

Table No. 3-A
Status of Franchised Outlets
For years 2011, 2012, 2013

Col 1 State	Col 2 Year	Col 3 Outlets at Start of Year	Col 4 Outlets Opened	Col 5 Termina- tions	Col 6 Non- Renewals	Col 7 Reacquired by Franchisor	Col 8 Ceased Operations – Other Reasons	Col 9 Outlets at End of the Year
Florida	2011	1	1	0	0	0	0	2
	2012	2	1	0	0	0	0	3
	2013	3	0	0	0	0	0	3
Louisiana	2011	0	1	0	0	1	0	0
	2012	0	0	0	0	0	0	0
	2013	0	3	0	0	0	0	3
Missouri	2011	0	0	0	0	0	0	0
	2012	0	1	0	0	0	0	1
	2013	1	1	0	0	0	0	2
North Carolina	2011	0	1	0	0	1	0	0
	2012	0	1	0	0	0	0	1
	2013	1	0	0	0	0	0	1
South Carolina	2011	0	0	0	0	0	0	0
	2012	0	0	0	0	0	0	0
	2013	0	1	0	0	0	0	1
Texas	2011	1	0	0	0	0	0	1
	2012	1	0	0	0	0	0	1
	2013	1	0	0	0	0	0	1
Virginia	2011	0	0	0	0	0	0	0
	2012	0	1	0	0	0	0	1
	2013	1	1	0	0	0	0	2
Wisconsin	2011	0	0	0	0	0	0	0
	2012	0	0	0	0	0	0	0
	2013	0	1	0	0	0	0	1
Total	2011	2	3	0	0	2	0	3
	2012	3	4	0	0	0	0	7
	2013	7	7	0	0	0	0	14

**Table No. 3-B
Status of Multi-Unit Operators
For years 2011, 2012, 2013**

Col 1 State	Col 2 Year	Col 3 Outlets at Start of Year	Col 4 Outlets Opened	Col 5 Termina- tions	Col 6 Non- Renewals	Col 7 Reacquired by Franchisor	Col 8 Ceased Operations – Other Reasons	Col 9 Outlets at End of the Year
LA	2011	0	0	0	0	0	0	0
	2012	0	0	0	0	0	0	0
	2013	0	1	0	0	0	0	1
TN/VA	2011	0	0	0	0	0	0	0
	2012	0	0	0	0	0	0	0
	2013	0	1	0	0	0	0	1
TX	2011	0	0	0	0	0	0	0
	2012	0	0	0	0	0	0	0
	2013	0	1	0	0	0	0	1
WV	2011	0	0	0	0	0	0	0
	2012	0	0	0	0	0	0	0
	2013	0	1	0	0	0	0	1
Total	2011	0	0	0	0	0	0	0
	2012	0	0	0	0	0	0	0
	2013	0	4	0	0	0	0	4

**Table No. 4
Status of Company-Owned Outlets
For years 2011, 2012, 2013**

Col 1 State	Col 2 Year	Col 3 Outlets at Start of Year	Col 4 Outlets Opened	Col 5 Outlets Reacquired from Franchisee	Col 6 Outlets Closed	Col 7 Outlets Sold to Franchisee	Col 8 Outlets at End of the Year
Louisiana	2011	0	0	1	0	0	1
	2012	1	0	0	0	0	1
	2013	1	0	0	0	1	0
Michigan	2011	1	0	0	0	0	1
	2012	1	0	0	0	0	1
	2013	1	0	0	0	0	1

Col 1 State	Col 2 Year	Col 3 Outlets at Start of Year	Col 4 Outlets Opened	Col 5 Outlets Reacquired from Franchisee	Col 6 Outlets Closed	Col 7 Outlets Sold to Franchisee	Col 8 Outlets at End of the Year
North Carolina	2011	0	0	1	0	0	1
	2012	1	0	0	0	1	0
	2013	0	0	0	0	0	0
Tennessee	2011	3	0	0	0	0	3
	2012	3	1	0	0	0	4
	2013	4	0	0	0	0	4
Total	2011	4	0	2	0	0	6
	2012	6	1	0	0	1	6
	2013	6	0	0	0	1	5

The Company-Owned outlets reflected in the chart above are owned and operated by us and our affiliates.

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

Column 1 State	Column 2 Franchise Agreements Signed but Outlet Not Opened	Column 3 Projected New Franchised Outlets in the Next Fiscal Year	Column 4 Projected New Company-Owned Outlets in the Next Fiscal Year
Alabama	0	2	0
Arkansas	0	1	0
Colorado	0	3	0
Florida	0	4	0
Georgia	0	3	0
Michigan	0	1	0
Mississippi	1	3	0
New Jersey	0	4	0
New York	0	6	0
North Carolina	0	2	0
South Carolina	0	2	0
Tennessee	1	1	0
Texas	4	4	0

Column 1 State	Column 2 Franchise Agreements Signed but Outlet Not Opened	Column 3 Projected New Franchised Outlets in the Next Fiscal Year	Column 4 Projected New Company-Owned Outlets in the Next Fiscal Year
Virginia	0	2	0
Wisconsin	0	3	0
West Virginia	2	5	0
Total	8	46	0

A list of the names of all franchisees and multi-unit operators and the addresses and telephone numbers of their businesses will be provided in Exhibit E to this Disclosure Document when applicable.

The name, city, state and current business telephone number (or if unknown, the last known home telephone number) of every franchisee or multi-unit operator who had a business terminated, cancelled, not renewed or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement or Multi-Unit Operator Agreement during the most recently completed fiscal year or who has not communicated with us within 10 weeks of the issuance date of this disclosure document will be listed on Exhibit F to this Disclosure Document when applicable. **If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.**

During the last three fiscal years, we have not had any franchisees sign confidentiality provisions that would restrict their ability to speak openly about their experience with The Beef Jerky Outlet Store System.

There are no trademark-specific organizations formed by our franchisees that are associated with The Beef Jerky Outlet Store System.

ITEM 21 FINANCIAL STATEMENTS

Attached as Exhibit D are our audited financial statements for the fiscal years ending December 31, 2013, 2012 and 2011.

Our fiscal year end is December 31st.

ITEM 22 CONTRACTS

The following agreements are attached as exhibits to this Disclosure Document:

Exhibit B	Franchise Agreement
Exhibit C	Multi-Unit Operator Agreement
Exhibit I	Form of General Release

ITEM 23
RECEIPTS

Two copies of an acknowledgment of your receipt of this Disclosure Document appear at the end of the Disclosure Document. Please return one signed copy to us and retain the other for your records.

EXHIBIT A TO THE DISCLOSURE DOCUMENT

LIST OF STATE ADMINISTRATORS/AGENTS FOR SERVICE OF PROCESS

Listed here are the names, addresses and telephone numbers of the state agencies having responsibility for franchising disclosure/registration laws and for service of process. We may not yet be registered to sell franchises in any or all of these states.

If a state is not listed, The Beef Jerky Outlet Franchise, Inc. has not appointed an agent for service of process in that state in connection with the requirements of franchise laws. There may be states in addition to those listed below in which The Beef Jerky Outlet Franchise, Inc. has appointed an agent for service of process.

There may also be additional agents appointed in some of the states listed.

<p><u>CALIFORNIA</u> California Business Oversight Commissioner Department of Business Oversight 320 West 4th Street, Suite 750 Los Angeles, CA 90013 (213) 576-7500 Toll Free (866) 275-2677</p> <p>1515 K Street, Suite 200 Sacramento, CA 95814 (916) 445-7205</p> <p>1350 Front Street San Diego, CA 92101 (619) 525-4233</p> <p>One Sansome Street, Suite 600 San Francisco, CA 94105 (415) 972-8559</p>	<p><u>CONNECTICUT</u> State of Connecticut Department of Banking Securities & Business Investments Division 260 Constitution Plaza Hartford, CT 06103-1800 (860) 240-8230</p> <p>Agent: Banking Commissioner</p>
<p><u>HAWAII</u> (state administrator)</p> <p>Business Registration Division Department of Commerce and Consumer Affairs 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2722</p> <p>(agent for service of process)</p> <p>Commissioner of Securities State of Hawaii 335 Merchant Street Honolulu, Hawaii 96813 (808) 586-2722</p>	<p><u>ILLINOIS</u> Franchise Bureau Office of the Attorney General 500 South Second Street Springfield, Illinois 62706 (217) 782-4465</p>

<p><u>INDIANA</u> (state administrator)</p> <p>Indiana Secretary of State Securities Division, E-111 302 Washington Street Indianapolis, Indiana 46204 (317) 232-6681</p> <p>(agent for service of process) Indiana Secretary of State 201 State House 200 West Washington Street Indianapolis, Indiana 46204 (317) 232-6531</p>	<p><u>MARYLAND</u> (state administrator)</p> <p>Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, Maryland 21202-2021 (410) 576-6360</p> <p>(for service of process) Maryland Securities Commissioner 200 St. Paul Place Baltimore, Maryland 21202-2021 (410) 576-6360</p>
<p><u>MICHIGAN</u> (state administrator)</p> <p>Consumer Protection Division Antitrust and Franchise Unit Michigan Department of Attorney General 525 W. Ottawa Street, 6th Floor Lansing, Michigan 48933 (517) 373-7117</p> <p>(for service of process) Corporations Division Bureau of Commercial Services Department of Labor and Economic Growth P.O. Box 30054 Lansing, Michigan 48909</p>	<p><u>MINNESOTA</u> (state administrator)</p> <p>Minnesota Department of Commerce 85 7th Place East, Suite 500 St. Paul, Minnesota 55101-2198 (651) 296-6328</p> <p>(for service of process) Minnesota Commissioner of Commerce</p>
<p><u>NEW YORK</u> (state administrator)</p> <p>New York State Department of Law Bureau of Investor Protection and Securities 120 Broadway, 23rd Floor New York, New York 10271 (212) 416-8211</p> <p>(for service of process) Secretary of State of New York 41 State Street Albany, New York 12231 (518) 474-4750</p>	<p><u>NORTH DAKOTA</u></p> <p>North Dakota Securities Department State Capitol, Fifth Floor, Dept. 414 600 East Boulevard Avenue Bismarck, North Dakota 58505 (701) 328-4712</p>

<p><u>OREGON</u></p> <p>Department of Insurance and Finance Corporate Securities Section Labor and Industries Building Salem, Oregon 97310 (503) 378-4387</p>	<p><u>RHODE ISLAND</u></p> <p>Securities Division Department of Business Regulation, Bldg 69, First Floor John O. Pastore Center 1511 Pontiac Avenue Cranston, Rhode Island 02920 (401) 462-9582</p>
<p><u>SOUTH DAKOTA</u></p> <p>Division of Securities Department of Labor & Regulation 445 East Capitol Avenue Pierre, South Dakota 57501 (605) 773-4823</p>	<p><u>VIRGINIA</u></p> <p>State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9th Floor Richmond, Virginia 23219 (804) 371-9051</p> <p>(for service of process) Clerk of the State Corporation Commission 1300 East Main Street, 1st Floor Richmond, Virginia 23219 (804) 371-9733</p>
<p><u>WASHINGTON</u> (state administrator)</p> <p>Department of Financial Institutions Securities Division P.O. Box 9033 Olympia, Washington 98507-9033 (360) 902-8760</p> <p>(for service of process) Director, Department of Financial Institutions Securities Division 150 Israel Road S.W. Tumwater, Washington 98501</p>	<p><u>WISCONSIN</u> (state administrator)</p> <p>Division of Securities Department of Financial Institutions 345 W. Washington Ave., 4th Floor Madison, Wisconsin 53703 (608) 266-1064</p> <p>(for service of process) Administrator, Division of Securities Department of Financial Institutions 345 W. Washington Ave., 4th Floor Madison, Wisconsin 53703</p>

EXHIBIT B TO THE DISCLOSURE DOCUMENT
FRANCHISE AGREEMENT

THE BEEF JERKY OUTLET FRANCHISE, INC.

FRANCHISE AGREEMENT

FRANCHISEE

DATE OF AGREEMENT

TABLE OF CONTENTS

ARTICLE 1	1
PREAMBLES AND GRANT OF FRANCHISE	1
1.1 Preambles	1
1.2 Grant of Franchise; Term	1
1.3 Designated Territory; Right of First Refusal	1
1.4 Rights Reserved to Us	2
1.5 Relocation	2
ARTICLE 2	2
SITE SELECTION AND OPENING OF STORE	2
2.1 Approval of Site and Lease	2
2.2 Operating Assets	3
2.3 Computer System	3
2.4 Opening	4
ARTICLE 3	4
FEES	4
3.1 Initial Franchise Fee	4
3.2 Royalty Fee	5
3.3 Marketing Fee	5
3.4 Prohibited Product or Service Fee	6
3.5 Electronic Funds Transfer	6
3.6 Interest on Overdue Amounts	6
3.7 Application of Payments and Right of Set Off	6
ARTICLE 4	6
TRAINING AND ASSISTANCE	6
4.1 Training	6
4.2 Ongoing Guidance	7
4.3 Operations Manual	7
4.4 Delegation of Performance	8
4.5 Franchisee Meetings	8
ARTICLE 5	8
MARKS	8
5.1 Ownership and Goodwill of Marks	8
5.2 Limitations on Your Use of Marks	8
5.3 Notification of Infringements and Claims	9
5.4 Modification or Discontinuance of Marks	9
5.5 Indemnification for Use of Marks	9
ARTICLE 6	9
CONFIDENTIAL AND GENERAL INFORMATION	9
6.1 Confidential Information	9
6.2 Restriction on Use of Confidential Information	10
6.3 Customer List	11
ARTICLE 7	11
EXCLUSIVE RELATIONSHIP	11

ARTICLE 8	12
BUSINESS OPERATION AND SYSTEM STANDARDS	12
8.1 <i>Condition and Appearance of the Store</i>	12
8.2 <i>Products and Services the Store Offers</i>	12
8.3 <i>Approved Products, Services, and Suppliers</i>	12
8.4 <i>Compliance with Laws and Good Business Practices</i>	13
8.5 <i>Insurance</i>	14
8.6 <i>Compliance with System Standards</i>	15
8.7 <i>Pricing</i>	16
ARTICLE 9	16
ADVERTISING AND MARKETING	16
9.1 <i>Participation in Advertising</i>	16
9.2 <i>Local Marketing</i>	16
9.3 <i>Marketing Fund</i>	17
9.4 <i>Grand Opening Advertising</i>	18
9.5 <i>Websites</i>	18
9.6 <i>Advisory Council</i>	19
ARTICLE 10	19
RECORDS, REPORTS AND FINANCIAL STATEMENTS	19
10.1 <i>Records</i>	19
10.2 <i>Gross Sales Reports</i>	19
10.3 <i>Financial Statements</i>	19
10.4 <i>Other Reports</i>	20
10.5 <i>Access to Computer System</i>	20
10.6 <i>Video/Computer Surveillance</i>	20
10.7 <i>Right to Inspect</i>	20
10.8 <i>Release of Records</i>	20
ARTICLE 11	21
INSPECTIONS	21
ARTICLE 12	21
TRANSFER	21
12.1 <i>By Us</i>	21
12.2 <i>By You</i>	21
12.3 <i>Conditions for Approval of Transfer</i>	22
12.4 <i>Transfer to a Wholly Owned or Controlled Entity</i>	23
12.5 <i>Transfer Upon Death or Disability</i>	24
12.6 <i>Operation in the Event of Absence or Disability</i>	24
12.7 <i>Effect of Consent to Transfer</i>	24
12.8 <i>Our Right of First Refusal</i>	24
12.9 <i>Ownership Structure</i>	25
ARTICLE 13	25
GRANT OF A RENEWAL FRANCHISE.....	25
13.1 <i>Renewal</i>	25
13.2 <i>Refusal to Renew Franchise Agreement</i>	26
13.3 <i>Renewal Under Law</i>	26
13.4 <i>Your Election Not to Renew</i>	26
ARTICLE 14	27

TERMINATION OF AGREEMENT	27
14.1 <i>Our Termination Rights – No Opportunity to Cure</i>	27
14.2 <i>Our Termination Rights – Opportunity to Cure</i>	28
14.3 <i>Reinstatement and Extension</i>	29
14.4 <i>Cross-Defaults, Non-Exclusive Remedies, etc.</i>	29
14.5 <i>Our Right to Discontinue Services to You</i>	29
14.6 <i>Amendment Pursuant to Applicable Law</i>	30
ARTICLE 15	30
RIGHTS AND OBLIGATIONS UPON TERMINATION OR EXPIRATION OF THIS AGREEMENT	
.....	30
15.1 <i>Payment of Amounts Owed</i>	30
15.2 <i>De-Identification</i>	30
15.3 <i>Confidential Information</i>	31
15.4 <i>Covenant Not to Compete</i>	31
15.5 <i>Our Right to Purchase Store</i>	31
15.6 <i>Continuing Obligations</i>	32
15.7 <i>Liquidated Damages</i>	32
ARTICLE 16	33
RELATIONSHIP OF THE PARTIES; INDEMNIFICATION	33
16.1 <i>Independent Contractors</i>	33
16.2 <i>No Liability for Acts of Other Party</i>	33
16.3 <i>Taxes</i>	33
16.4 <i>Indemnification</i>	33
ARTICLE 17	34
MISCELLANEOUS PROVISIONS; DISPUTE RESOLUTION	34
17.1 <i>Severability and Substitution of Valid Provisions</i>	34
17.2 <i>Waiver of Obligations</i>	34
17.3 <i>Injunctive Relief</i>	35
17.4 <i>Rights of Parties are Cumulative</i>	35
17.5 <i>Costs and Legal Fees</i>	35
17.6 <i>Arbitration</i>	35
17.7 <i>Governing Law</i>	36
17.8 <i>Jurisdiction</i>	36
17.9 <i>Waiver of Punitive Damages</i>	36
17.10 <i>Waiver of Jury Trial</i>	36
17.11 <i>You May Not Withhold Payments</i>	36
17.12 <i>Binding Effect</i>	36
17.13 <i>Limitations of Claims</i>	36
17.14 <i>Entire Agreement; Construction</i>	36
17.15 <i>Withholding Consent</i>	37
17.16 <i>Step-In Rights – Cause for Step-In</i>	37
17.17 <i>Step-In Rights – Duties of Parties</i>	37
ARTICLE 18	37
NOTICES AND PAYMENTS	37
ARTICLE 19	38
SECURITY INTERESTS	38
19.1 <i>Collateral</i>	38
19.2 <i>Indebtedness Secured</i>	38

19.3	<i>Additional Documents</i>	39
19.4	<i>Possession of Collateral</i>	39
19.5	<i>Our Remedies in Event of Default</i>	39
19.6	<i>Special Filing as Financing Statement</i>	39
ARTICLE 20	40
ACKNOWLEDGMENTS	40

EXHIBITS:

- Exhibit A – Owners
- Exhibit B – Site, Initial Franchise Fee and Designated Territory
- Exhibit C – Guaranty and Assumption of Obligations
- Exhibit D – Internet Website and Listing Agreement; Telephone Listing Agreement
- Exhibit E – Multi-State Addendum
- Exhibit F – Franchisee Disclosure Acknowledgment Statement
- Exhibit G – Confidentiality and Non-Competition Agreement
- Exhibit H – Collateral Assignment of Lease
- Exhibit I – SBA Addendum

FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (the "Agreement") is made and entered into as of this ___ day of _____, 20___, by and between The Beef Jerky Outlet Franchise, Inc., a Tennessee corporation whose principal business address is 1309 Goose Creek Way, Seymour, Tennessee 37865 ("we", "us" or "our") and _____, whose principal business address is _____ ("you" or "your").

ARTICLE 1 **PREAMBLES AND GRANT OF FRANCHISE**

1.1 Preambles

1.1.1 We and our affiliates have designed and developed a method of developing and operating a business under the "The Beef Jerky Outlet" name which is a specialty retail food store that features an exceptional variety of jerky products, sausages and smoked meats, sauces, rubs, seasonings, marinades, jams, butters, jellies, peanuts, candies, cheeses, and other similar foods. The Beef Jerky Outlet business ("Store") operates using proprietary methods, techniques, trade dress, trademarks and logos. The Beef Jerky Outlet Stores have distinctive business formats, methods, procedures, designs, layouts, standards and specifications, all of which we may improve, further develop and otherwise modify from time to time ("System").

1.1.2 We and our affiliate have developed and use, promote and license certain trademarks, service marks and other commercial symbols in operating The Beef Jerky Outlet Stores, including the mark "The Beef Jerky Outlet", which have gained public recognition and goodwill, and we may create, use and license other trademarks, service marks and commercial symbols for use in operating Stores (collectively, the "Marks" or "Proprietary Marks").

1.1.3 We grant to persons who meet our qualifications, and who are willing to undertake the investment and effort, a franchise to own and operate a Store offering the products and services we authorize and using our System.

1.1.4 You have applied for a franchise to own and operate a Store, and we have approved your application relying on all of your representations, warranties and acknowledgments contained in such application and this Agreement.

1.2 Grant of Franchise; Term

Subject to the terms of this Agreement, we grant you a franchise (the "Franchise") to operate The Beef Jerky Outlet Store at the "Site" identified on Exhibit B, and to use the Marks and the System in its operation, for a term beginning on the date of this Agreement and expiring five (5) years from that date, unless sooner terminated as provided herein. You shall be permitted to sell products at wholesale only within your Designated Territory.

1.3 Designated Territory; Right of First Refusal

Upon our approval of the Site for your Store, we will describe your Designated Territory in Exhibit B hereto which will be a mileage radius around your Store and may be depicted on a map attached to Exhibit B. Except as limited by Section 1.4 below, and provided that you are in full compliance with this Agreement, we and our affiliates will not operate or grant a franchise for the operation of another The Beef Jerky Outlet Store at a location within the Designated Territory during the term of this Agreement.

You understand and acknowledge that if any Non-Traditional Site is located within the physical boundaries of your Designated Territory, then the premises of this Non-Traditional Site will not be included in your Designated Territory and you will have no rights to this Non-Traditional Site. As used herein, "Non-Traditional Site" includes, without limitation, an airport, hospital, school, office building, stadium, arena, ballpark, military base and other mass gathering locations or events.

If a non-traditional site becomes available that is near your Designated Territory we may, but are not required to, offer you the opportunity to open a Store at the non-traditional site. You must be in compliance with your Franchise Agreement and current in all payments owed to us and/or our affiliates. If we offer you this right of first refusal, you will have thirty (30) days after receiving information from us concerning the new Store opportunity to accept the right of first refusal. If you decline this right of first refusal or do not respond to us within the thirty (30) day period, we may offer the opportunity to develop a Store at the non-traditional site to a third party or we or one of our affiliates may open a Store at the non-traditional site.

1.4 Rights Reserved to Us

Except as expressly limited by Section 1.3 above, we and our affiliates retain all rights with respect to The Beef Jerky Outlet Stores, the Marks, the sale of similar or dissimilar products and services, and any other activities we deem appropriate whenever and wherever we desire, including, but not limited to:

1.4.1 the right to offer and sell and to grant others the right to offer and sell the products and services offered at Stores, both within and outside the Designated Territory, under trade and service marks other than the Marks and under any terms and conditions we deem appropriate;

1.4.2 the right to operate and to grant others the right to operate Stores located outside the Designated Territory under any terms and conditions we deem appropriate and regardless of proximity to your Store; and

1.4.3 the right to acquire and operate a business operating one or more similar stores located or operating in your Designated Territory, but if one of these stores is located within your Designated Territory, it will not operate using the Marks.

1.5 Relocation

You may not relocate the Store from the Site without our approval. If we approve your request to relocate your Store, the new site must be within your Designated Territory. We will use our then-current criteria to review a proposed relocated site for your Store. We reserve the right to require you to sign our then-current Franchise Agreement. While will not have to pay another initial franchise fee, you must reimburse our expenses related to your relocation request.

ARTICLE 2 **SITE SELECTION AND OPENING OF STORE**

2.1 Approval of Site and Lease

You shall obtain our written approval of any proposed site for the Store in accordance with our procedures, which approval will not be unreasonably withheld. Within one hundred eighty (180) days after you execute this Agreement, you shall have located a site that has been approved by us. If you fail

to locate a site that we have approved within this one hundred eighty (180) day period, we have the right to terminate this Agreement.

You shall submit to us the information that we require in order to evaluate the proposed site for your Store. You acknowledge that in approving a proposed site we may consider such matters as we deem material including, without limitation, demographic characteristics, traffic patterns, the predominant character of the neighborhood, competition from other businesses providing similar services within the area, the exclusivity granted to other franchisees of ours, the site's size, its appearance, and other physical characteristics. Within thirty (30) days after our receipt of all information we require concerning the proposed site, we will approve or disapprove the site you propose for the operation of the Store by giving written notice to you. Unless we provide our specific approval of your proposed site, the site is deemed not approved. We will not unreasonably withhold our approval of a proposed site that meets our standards and specifications for a Store. Upon our approval of a proposed site for the Store, the address of the Store, and its associated Designated Territory, will be inserted on Exhibit B to this Agreement.

You hereby acknowledge and agree that our approval of the Site does not constitute an expressed or implied assurance, representation or warranty of any kind as to the suitability of the site for The Beef Jerky Outlet Store or for any other purpose. Our approval of the Site indicates only that we believe the Site complies with acceptable minimum criteria established by us solely for our purposes as of the time of evaluation. We shall not be responsible for the failure of the Site to meet your expectations as to revenue, operational performance or other measures. You further acknowledge and agree that your acceptance of a Franchise for the operation of the Store at the Site is based on your own independent investigation of the suitability of the Site.

Before you may enter into a lease for the Site, you must submit the proposed lease to us for our approval, which will not be unreasonably withheld. At our request, you and your landlord must sign our form of Collateral Assignment of Lease, attached as Exhibit H to this Agreement.

2.2 Operating Assets

You agree to use in developing and operating the Store only those Operating Assets that we approve in writing from time to time for The Beef Jerky Outlet Stores as meeting our specifications and standards for quality, design, appearance, function and performance. Operating Assets include, but are not limited to, the types, models, and brands of equipment, display and décor items, computer system, inventory items and merchandise, supplies, marketing materials and other items to be used in your Store. You agree to place or display at the Site (interior and exterior) only the signs, emblems, lettering, logos and display materials that we approve in writing from time to time. Such signs, logos and/or materials shall be displayed using the materials we designate and in the places we designate. If we require, you must purchase or lease only approved brands, types and/or models of Operating Assets and/or purchase or lease them only from suppliers we designate or approve from time to time (which may include or be limited to us and/or our affiliates). If you desire to use any Operating Asset that we have not yet evaluated, you may submit such Operating Asset for our consideration by following the procedure set forth in Section 8.3.

2.3 Computer System

You agree to use in operating the Store the computer equipment and software (collectively, the "Computer System") that we specify from time to time. We may periodically modify specifications for and components of the Computer System. Our modification of specifications for the Computer System and/or other technological developments or events may require you to obtain updates and/or upgrades for the Computer System and/or to purchase, lease and/or license new or modified equipment, computer hardware and/or software and to obtain service and support for the Computer System. Although we

cannot estimate the future costs of the Computer System, you agree to incur the costs of obtaining the equipment or the computer hardware and software comprising the Computer System (or additions or modifications) and required service or support. We have no obligation to reimburse you for any Computer System costs. Within sixty (60) days after you receive notice from us, you agree to obtain the components of the Computer System that we designate and ensure that your Computer System, as modified, is functioning properly.

Notwithstanding the fact that you must buy, use and maintain the Computer System under our standards and specifications, you will have sole and complete responsibility (including, without limitation, responsibility for the cost thereof) for: (1) the acquisition, operation, maintenance and upgrading of the Computer System; (2) the manner in which your Computer System interfaces with our computer system and those of other third parties; and (3) any and all consequences that may arise if the system is not properly operated, maintained and upgraded. You agree to maintain, at all times during the term of this Agreement, a high speed internet connection for your Computer System, and we reserve the right to designate the specifications for such internet connection.

2.4 Opening

You agree not to open the Store for business until:

- 2.4.1 all persons that we require satisfactorily complete our training program;
- 2.4.2 the initial franchise fee and all other amounts then due to us have been paid;
- 2.4.3 the Store has been built-out, equipped and stocked with inventory according to our specifications;
- 2.4.4 you give us certificates for all required insurance policies or other evidence of insurance coverage and premium payment that we request; and
- 2.4.5 you provide us with copies of all licenses and permits required for the Store's proper operation.

If your Store is not open and operating within three hundred (300) days after your execution of this Agreement, we have the right to terminate this Agreement or we may grant you an extension of time to open the Store.

ARTICLE 3 FEES

3.1 Initial Franchise Fee

You agree to pay us, upon execution of this Agreement, a nonrecurring initial franchise fee in the amount of Thirty Nine Thousand Nine Hundred Dollars (\$39,900). The initial franchise fee is due and fully earned by us when received. If you qualify, we may offer you one (1) of the following discounts to the initial franchise fee. You understand and acknowledge that if you qualify for multiple discounts, you shall only receive the highest discount for which you qualify. Discounts will not, under any circumstances, be combined.

3.1.1 If you are a qualified United States veteran, we will reduce the initial franchise fee (for your first Store only) by fifty percent (50%).

3.1.2 If you are an existing franchisee in good standing and have been operating your Store for at least one (1) year, we will reduce your initial franchise fee to Thirty-Two Thousand Nine Hundred Dollars (\$32,900).

3.1.3 If you have been an employee of us, one of our affiliates or one of our franchisees for at least two (2) years, we will reduce your initial franchise fee to Thirty-Two Thousand Nine Hundred Dollars (\$32,900).

Notwithstanding the foregoing, if this Agreement is being executed pursuant to a Multi-Unit Operator Agreement between you and us, the initial franchise fee payable hereunder shall be as stated in such Multi-Unit Operator Agreement.

If you fail to meet your pre-opening obligations under this Agreement, we have the right to terminate this Agreement and we will refund fifty percent (50%) of the initial franchise fee that you paid. You must sign the documents we require, including without limitation a confidentiality agreement and general release, before any money will be refunded to you. The initial franchise fee is not refundable under any other circumstances.

3.2 Royalty Fee

During the term of this Agreement, you shall pay us, on Tuesday of each week for the previous week ending Sunday (unless Tuesday is not a business day, then it is due on the next business day) an amount equal to five and one-half percent (5.5%) of the Gross Sales for your Store for the preceding week ending Sunday ("Royalty Fee"). "Gross Sales" is defined as all revenue, less any returns or credits, from the sale of all products and services and all other income of every kind and nature at or from your Store or otherwise related to the Store, including any proceeds from business interruption insurance, whether for cash or credit, and regardless of collection in the case of credit. Gross Sales do not include any sales taxes or other taxes collected from customers by you and paid directly to the appropriate taxing authority, or any customer refunds or adjustments.

If any state imposes a sales or other tax on the Royalty Fee, then we have the right to collect this tax from you.

If you do not report the Store's Gross Sales, we may debit your account for one hundred twenty (120%) of the last Royalty Fee and Marketing Fee (described in Section 3.3 below) that we debited. If the Royalty Fee and Marketing Fee we debit are less than the Royalty Fee and Marketing Fee you actually owe us, we will debit your account for the balance on a day we specify. If the Royalty Fee and Marketing Fee we debit are greater than the Royalty Fee and Marketing Fee you actually owe us, we will credit the excess against the amount we otherwise would debit from your account for the next payment due.

3.3 Marketing Fee

In addition to the Royalty Fee described above, you shall pay to us Marketing fee (the "Marketing Fee") in an amount equal to two percent (2%) of the Gross Sales for your Store. Such Marketing Fee is payable to us at the same time and in the same manner as the Royalty Fee, and will be used by us as described in Section 9.3 below. You understand and acknowledge that we have the right, upon thirty (30) days' prior written notice to you, to increase the Marketing Fee up to a maximum of four percent (4%) of Gross Sales.

3.4 Prohibited Product or Service Fee

In the event you perform any services that we have not prescribed, approved or authorized, or if you sell any, products, goods or services that we have not prescribed, approved or authorized, you shall, immediately upon notice from us: (i) cease and desist offering or providing the unauthorized products or goods or from performing such services and (ii) pay to us, on demand, a prohibited product or service fine equal to Two Hundred Fifty Dollars (\$250) per day for each day such unauthorized or unapproved product, good or service is offered or provided by you after written notice from us. The prohibited product or service fine shall be in addition to all other remedies available to us under this Agreement or at law.

3.5 Electronic Funds Transfer

At our request, you must sign and deliver to us the documents we, our bank or your bank require to authorize us to debit your business operating account automatically for the Royalty Fee, Marketing Fee and other amounts due under this Agreement or any related agreement between us (or our affiliates) and you. We use an automatic debit program for the System, and we will debit your account for these amounts on the applicable dates. You agree to make the funds available for withdrawal by electronic transfer before each due date.

3.6 Interest on Overdue Amounts

You shall not be entitled to withhold payments due us under this Agreement on grounds of alleged non-performance by us hereunder. Any payment or report not actually received by us on or before its due date shall be deemed overdue. Time is of the essence with respect to all payments to be made by you to us. All unpaid obligations under this Agreement shall bear interest from the date due until paid at the lesser of (i) one and one-half percent (1.5%) per month or (ii) the maximum rate allowed by applicable law. Notwithstanding anything to the contrary contained herein, no provision of this Agreement shall require the payment or permit the collection of interest in excess of the maximum rate allowed by applicable law. If any excess of interest is provided for herein, or shall be adjudicated to be so provided in this Agreement, the provisions of this paragraph shall govern and prevail, and you shall not be obligated to pay the excess amount of such interest. If for any reason interest in excess of the maximum rate allowed by applicable law shall be deemed charged, required or permitted, any such excess shall be applied as a payment and reduction of any other amounts which may be due and owing hereunder, and if no such amounts are due and owing hereunder then such excess shall be repaid to the party that paid such interest.

3.7 Application of Payments and Right of Set Off

Notwithstanding any designation by you, we may apply any of your payments to any of your past due indebtedness to us (or our affiliates). We may set-off any amounts you owe us or our affiliates against any amounts we or our affiliates might owe you. You may not withhold payment of any amounts you owe us due to our alleged nonperformance of any of our obligations under this Agreement or any other agreement between us (and/or our affiliates) and you.

ARTICLE 4 **TRAINING AND ASSISTANCE**

4.1 Training

Before the Store opens, we will train you and/or the manager you designate to conduct the daily operation of your Store (“Designated Manager”) on the operation of The Beef Jerky Outlet Store. If you

request that we provide our training program to additional trainees, whether before your Store opens or while it is operating, you shall pay our then-current training fee for each additional trainee. We will provide approximately one (1) week of training at our designated training site (which may include our headquarters, an operating The Beef Jerky Outlet Store and/or another location). Initial training will be held at such time and location and for such duration as we designate. You and/or your Designated Manager must complete the initial training to our satisfaction and participate in all other activities we require not later than thirty (30) days before opening the Store. We provide this training at no additional fee; however, you must pay all travel and living expenses which your and/or your trainees incur in connection with such training. You agree to replace any Designated Manager if we determine that he or she is not qualified to hold that position and to pay our then-current fee for training his or her replacement. You may not employ any Designated Manager who has not completed our training program to our reasonable satisfaction. If a Designated Manager is no longer employed by you, you must employ a new Designated Manager and send such Designated Manager to us to be trained, at your expense, within sixty (60) days of such Designated Manager's employment.

In addition to our training program, we shall provide you with one (1) of our representatives for a period of approximately one (1) week to provide on-site opening assistance and training in connection with the opening of your Store. If you request additional days of on-site opening assistance and training, you shall reimburse our representative's expenses while providing such additional opening assistance and training, including, but not limited to, lodging and meals. If this Agreement is for your second or later Store, we reserve the right to reduce the amount of opening assistance provided.

We may periodically offer refresher training programs and we may designate that refresher training is mandatory for you and/or your Designated Manager. If we choose to hold these training programs, we do not anticipate charging a fee but you must pay any expenses you and your attendees incur, including travel, lodging, meals and applicable wages.

In the event you request that we provide additional training or assistance on-site at your Store, or if we determine that you require additional training, you shall pay our then-current per diem fee for such training and you shall reimburse our representative's expenses in connection with such training or assistance, including, but not limited to, travel, lodging and meals.

4.2 Ongoing Guidance

We will advise you regarding the Store's operation based on your reports and/or our inspections. We also will guide you on standards, specifications, and operating procedures and methods that The Beef Jerky Outlet Stores use; purchasing required Operating Assets and inventory; advertising and marketing programs; employee training, administrative, bookkeeping, and accounting procedures. We will guide you in our Operations Manual, bulletins, or other written materials, e-mails, during telephone consultations, and/or during consultations at our office or at your Store.

4.3 Operations Manual

We will loan to you, to use in operating the Store during this Agreement's term, one (1) copy of the Operations Manual, which might include audiotapes, videotapes, computer disks, compact discs and/or written materials, and which we may provide to you electronically, such as by CD-ROM or a password-protected website. The Operations Manual contains mandatory and suggested specifications, standards, operating procedures and rules that we periodically prescribe for operating The Beef Jerky Outlet Store ("System Standards") and information on your other obligations under this Agreement. All such specifications, System Standards and operating procedures shall be consistent with this Agreement and all applicable laws. Specifications, standards and operating procedures prescribed from time to time by us in the Operations Manual or otherwise communicated to you in writing shall constitute provisions

of this Agreement as if fully set forth herein and shall be kept confidential by you at all times during the term of this Agreement and after the termination or expiration thereof for any reason. You shall operate your Store strictly in accordance with this Agreement, the Operations Manual and all System Standards, as the Operations Manual and System Standards may be modified from time to time.

We may modify the Operations Manual periodically to reflect changes in System Standards, but these modifications shall not alter your fundamental rights or status under this Agreement. You agree to comply with all such modifications and to keep your copy of the Operations Manual current and in a secure location at the Store. If there is a dispute over the contents of the Operations Manual, the master copy of the Operations Manual at our office controls. You agree that the contents of the Operations Manual are confidential and that you will not disclose the Operations Manual to any person other than the Designated Manager, Store employees and/or independent contractors who need to know its contents. You may not at any time copy, duplicate, record or otherwise reproduce any part of the Operations Manual.

4.4 Delegation of Performance

You agree that we have the right to delegate the performance of any portion or all of our obligations under this Agreement to third party designees, whether these designees are our agents or independent contractors with whom we have contracted to perform these obligations.

4.5 Franchisee Meetings

We reserve the right to hold franchisee meetings on a regional and/or national basis, and we may designate that attendance at the meeting is mandatory unless your absence is excused by us. We will designate the location and length of the franchisee meeting, but we will not select an unreasonably expensive location. We will not charge a fee for any franchisee meeting, but you must pay all expenses you and your attendees incur, including travel, lodging, meals and applicable wages.

ARTICLE 5 **MARKS**

5.1 Ownership and Goodwill of Marks

You acknowledge that the Marks are owned by us or our affiliates, and that any references to our right, title or interest in the Marks in this Article 5 shall include the owner's right, title or interest. You agree that your right to use the Marks is derived only from this Agreement and is limited to your operating the Store according to this Agreement and all System Standards we prescribe during its term. Your unauthorized use of the Marks is a breach of this Agreement and infringes our rights in the Marks. You acknowledge and agree that your use of the Marks and any goodwill established by that use are for our exclusive benefit and that this Agreement does not confer any goodwill or other interests in the Marks upon you (other than the right to operate the Store under this Agreement). All provisions of this Agreement relating to the Marks apply to any additional and substitute trademarks and service marks we authorize you to use.

5.2 Limitations on Your Use of Marks

You agree to use the Marks as the sole trade identification of the Store, provided that you shall identify yourself as the independent owner of the Store in a manner acceptable to us. You may not use any Mark or any variation thereof (1) as part of any corporate or legal business name, (2) with any prefix, suffix or other modifying words, terms, designs or symbols (other than logos we have licensed to you), (3) in selling any unauthorized services or products, (4) as part of any domain name, electronic address or

search engine you maintain on any website, except for any website we provide to you or as we may authorize; or (5) in any other manner we have not expressly authorized in writing. You may not use any Mark in advertising the transfer, sale or other disposition of the Operating Assets or the Store without our prior written consent, which we will not unreasonably withhold. You agree to display the Marks prominently as we prescribe at the Store and on forms, advertising and other materials we designate. You agree to give the notices of trademark and service mark registrations that we specify and to obtain any fictitious or assumed name registrations required under applicable law.

5.3 Notification of Infringements and Claims

You agree to notify us immediately of any apparent infringement of or challenge to your use of any Mark, or of any person's claim of any rights in any Mark, and not to communicate with any person other than us and our attorneys, and your attorneys, regarding any infringement, challenge or claim. We may take the action we deem appropriate (including no action) and may control exclusively any settlement, litigation, U.S. Patent and Trademark Office proceeding or other administrative proceeding arising from any infringement, challenge or claim or otherwise concerning any Mark. You agree to sign any documents and take any actions that, in the opinion of our attorneys, are necessary or advisable to protect and maintain our interests in any litigation or Patent and Trademark Office or other proceeding or otherwise to protect and maintain our interests in the Marks.

5.4 Modification or Discontinuance of Marks

If we believe at any time that it is advisable for us and/or you to modify or discontinue using any Mark and/or use one or more additional or substitute trademarks or service marks, you agree to comply with our directions within a reasonable time after receiving notice. We need not reimburse you for your expenses in complying with these directions (such as costs you incur in changing the Store's signs or replacing supplies), for any loss of revenue due to any modified or discontinued Mark, or for your expenses of promoting a modified or substitute trademark or service mark.

5.5 Indemnification for Use of Marks

We agree to reimburse you for all damages and expenses you incur in any trademark infringement proceeding disputing your authorized use of any Mark under this Agreement, provided that you have timely notified us of the proceeding, have complied with this Agreement, and comply with our directions in responding to the proceeding. At our option, we may defend and control the defense of any proceeding relating to any Mark. If any action taken by us with respect to any such claim or proceeding results in any monetary recovery for you which exceeds your costs, then the amount of such recovery which exceeds your costs will first be used to reimburse us for our expenses in connection with such action, and any remainder will be distributed to you.

ARTICLE 6 **CONFIDENTIAL AND GENERAL INFORMATION**

6.1 Confidential Information

We and our affiliates possess (and will continue to develop and acquire) certain confidential information relating to the development and operation of The Beef Jerky Outlet Stores (the "Confidential Information"), which includes (without limitation):

6.1.1 methods, formats, specifications, standards, systems, procedures, sales and marketing techniques, knowledge and experience used in developing and operating The Beef Jerky Outlet Stores (including, without limitation, the System Standards);

6.1.2 market research and promotional, marketing and advertising programs for The Beef Jerky Outlet Stores;

6.1.3 knowledge of specifications for and suppliers of, and methods of ordering, certain Operating Assets, materials, equipment and fixtures that The Beef Jerky Outlet Stores use;

6.1.4 knowledge of the operating results and financial performance of The Beef Jerky Outlet Stores other than your Store;

6.1.5 customer communication programs, along with data used or generated in connection with those programs;

6.1.6 the terms of this Agreement;

6.1.7 the Operations Manual; and

6.1.8 graphic designs and related intellectual property.

6.2 Restriction on Use of Confidential Information

You acknowledge and agree that you will not acquire any interest in Confidential Information, other than the right to use certain Confidential Information in operating the Store during this Agreement's term and according to this Agreement's terms and conditions, and that your use of any Confidential Information in any other business would constitute an unfair method of competition with us and our franchisees and may violate certain laws. You further acknowledge and agree that the Confidential Information is proprietary, including our trade secrets, and is disclosed to you only on the condition that you, your Owners, Designated Manager, employees and/or independent contractors who have access to it agree, and they do agree, that you, your Owners, Designated Manager and such employees and/or independent contractors:

6.2.1 will not use any Confidential Information in any other business or capacity;

6.2.2 will keep the Confidential Information absolutely confidential during and after this Agreement's term;

6.2.3 will not make unauthorized copies of any Confidential Information disclosed via electronic medium or in written or other tangible form; and

6.2.4 will adopt and implement all reasonable procedures that we periodically prescribe to prevent unauthorized use or disclosure of Confidential Information, including, without limitation, restricting its disclosure to Store personnel and others needing to know such Confidential Information to operate the Store, and requiring all employees and independent contractors having access to Confidential Information to sign confidentiality and non-competition agreements in a form acceptable to us. We have the right to regulate the form of confidentiality and non-competition agreement that you use and to be a third party beneficiary of that agreement with independent enforcement rights.

All ideas, concepts, techniques or materials relating to The Beef Jerky Outlet Store, whether or not protectable intellectual property and whether created by or for you or your employees and independent contractors, must be promptly disclosed to us and will be deemed to be our sole and exclusive property, part of the System, and works made-for-hire for us. To the extent any item does not

qualify as a “work made-for-hire” for us, by this paragraph you assign ownership of that item, and all related rights to that item, to us and agree to sign whatever assignment or other documents we request to evidence our ownership or to help us obtain intellectual property rights in the item.

“Confidential Information” does not include information, knowledge or know-how which you knew from previous business experience before we provided it to you (directly or indirectly) or before you began training or operating the Store. If we include any matter in Confidential Information, anyone who claims that it is not Confidential Information must prove that the exclusion in this paragraph is fulfilled.

6.3 Customer List

You agree that the list of the names, addresses and other information regarding your current customers, former customers, and those who have inquired about the products and services offered at The Beef Jerky Outlet Stores (the “Customer List”) shall be included in the Confidential Information. You agree that you may not disclose the Customer List, or any portion thereof, to any person other than us, either during the term of this Agreement or thereafter. You further agree that a breach of this Section shall be grounds for immediate termination of this Agreement pursuant to Section 14.2.

ARTICLE 7 **EXCLUSIVE RELATIONSHIP**

You and your Owners acknowledge that we have granted you the Franchise in consideration of and reliance upon your agreement to deal exclusively with us. You and your Owners therefore agree that, during this Agreement’s term, neither you, nor any Owner, nor any member of your or an Owner’s immediate family will:

- (a) have any direct or indirect, controlling or non-controlling interest as an owner (whether of record, beneficial or otherwise) in a Competitive Business (defined below), wherever located or operating;
- (b) perform services as a director, officer, manager, employee, consultant, representative or agent, or in any other capacity, for a Competitive Business, wherever located or operating;
- (c) recruit or hire any employee or independent contractor of ours, our affiliates or our or their franchisees or licensees without obtaining our or the employer’s prior written permission; or
- (d) divert or attempt to divert any actual or potential business or customer of the Store to a Competitive Business.

The term “Competitive Business” means any business that offers the same or substantially similar products and services as those offered by The Beef Jerky Outlet Store, or any business which grants franchises or licenses to others to operate such a business, other than The Beef Jerky Outlet Store operated under a franchise agreement with us. You and your Owners also agree that they will not, during the term of this Agreement, operate or otherwise become affiliated with any website involving, referring to, or in any way related to a Competitive Business.

ARTICLE 8
BUSINESS OPERATION AND SYSTEM STANDARDS

8.1 Condition and Appearance of the Store

You agree that you will not use the Store or any part of the Site for any business purpose other than operating The Beef Jerky Outlet Store in compliance with this Agreement, and that you will place or display at the Site (interior and exterior) only those signs, emblems, designs, artwork, lettering, logos and display and advertising materials that we approve from time to time. You further agree to maintain the condition and appearance of the Store, its Operating Assets and the Site (including any parking area) in accordance with the System Standards and consistent with the image of The Beef Jerky Outlet Store as an efficiently operated business offering high quality products and services and observing the highest standards of cleanliness and efficient, courteous service. Therefore, you agree to take, without limitation, the following actions during this Agreement's term at your expense: (a) thorough cleaning, repainting and redecorating of the interior and exterior of the Site at intervals that we may prescribe; (b) interior and exterior repair of the Site as needed; and (c) repair or replacement, at our direction, of damaged, worn-out or obsolete Operating Assets at intervals that we may prescribe (or, if we do not prescribe an interval for replacing any Operating Asset, as that Operating Asset needs to be repaired or replaced).

To assure the continued success of the Store, you shall, upon our request, remodel and/or redecorate the Store premises, equipment (Computer System), signs, interior and exterior décor items, fixtures, furnishings, supplies and other products and materials required for the operation of the Store to our then-current System-wide standards and specifications. We agree that we shall not request such remodeling and/or redecorating more frequently than every five (5) years during the term of this Agreement, except that if the Franchise is transferred pursuant to Article 12, we may request that the transferee remodel and/or redecorate the Store premises as described herein.

8.2 Products and Services the Store Offers

You agree that you (a) will offer and sell from the Store only the products and services that we periodically specify; (b) will not offer or sell at the Store, the Site or any other location any products or services we have not authorized; and (c) will discontinue selling and offering for sale any products or services that we at any time disapprove.

You understand and acknowledge that we may permit certain franchisees to deviate from our System Standards (such as by offering different products according to local and regional tastes and markets related to such franchisee's Store), and that nothing in this Agreement requires us to grant to you a like or similar variance or to permit you to deviate in any manner from the products and services that your Store must offer.

8.3 Approved Products, Services, and Suppliers

We reserve the right to periodically designate and approve standards, specifications, suppliers and/or distributors of the Operating Assets and the products and services that we periodically authorize for use in the Store. During this Agreement's term you must purchase or lease all Operating Assets and other products and services for the Store only according to our standards and specifications and, if we require, only from suppliers or distributors that we designate or approve (which may include or be limited to us and/or our affiliates). You acknowledge and agree that we and/or our affiliates may derive revenue based on your purchases and leases (including, without limitation, from charging you for products and services we or our affiliates provide to you and from payments made to us by suppliers that we designate or approve for some or all of our franchisees).

Upon our request, or if you want to use any Operating Assets or products that we have not yet evaluated or want to purchase any item from a supplier or distributor that we have not yet approved (for items that we require you to purchase from designated or approved suppliers or distributors), you first must submit sufficient information, specifications and samples for us to determine whether the item complies with our standards and specifications or the supplier or distributor meets our criteria. You agree to pay our then-current fee related to our evaluation of the product or supplier. We reserve the right to waive the fee if we approve the product or supplier for all Stores in the System. We may condition our approval of a supplier or distributor on requirements relating to product quality, prices, consistency, reliability, financial capability, labor relations, customer relations, frequency of delivery, concentration of purchases, standards of service (including prompt attention to complaints) or other criteria. We have the right to inspect the proposed supplier's or distributor's facilities and to require the proposed supplier or distributor to deliver product samples or items, at our option, either directly to us or to any independent, certified laboratory which we designate for testing. We reserve the right periodically to re-inspect the facilities and products of any approved supplier or distributor and to revoke our approval if the supplier or distributor does not continue to meet our criteria.

8.4 Compliance with Laws and Good Business Practices

You must secure and maintain in force throughout this Agreement's term all required licenses, permits and certificates, including, but not limited to, applicable licenses and certificates relating to the Store's operation, and operate the Store in full compliance with all applicable laws, ordinances and regulations. The Store must in all dealings with its customers, suppliers, us and the public adhere to the highest standards of honesty, integrity, fair dealing and ethical conduct. You agree to refrain from any business or advertising practice which might injure our business or the goodwill associated with the Marks or other The Beef Jerky Outlet Stores.

You acknowledge that the quality of customer service, and every detail of appearance and demeanor of you and your employees, is material to this Agreement and the relationship created and licenses granted hereby. Therefore, you shall endeavor to maintain high standards of quality and service in the operation of the Store. You shall at all times give prompt, courteous and efficient service to customers of the Store. If we deem that you did not fairly handle a customer complaint, we have the right to intervene and satisfy the customer and you agree to reimburse our costs related to our handling such complaint. We have the right to terminate this Agreement for violation of this Section.

You must notify us in writing within three (3) business days of: (a) the commencement of any action, suit or proceeding relating to the Store; (b) the issuance of any order, writ, injunction, award or decree of any court, agency or other governmental instrumentality relating to the Store (including, without limitation, the revocation or threatened revocation of any license, permit or certification applicable to the Store); (c) any notice of violation from a governing authority of any law, ordinance or regulation relating to the Store; and (d) receipt of any notice of complaint from the Better Business Bureau, any local, state or federal consumer affairs department or division, or any other government or independent third party involving a complaint from a customer or potential customer relating to the Store. You must immediately provide to us copies of any documentation you receive of events in (a) through (d) above. If we believe you are not adequately responding to or handling any event listed in (a) through (d), we reserve the right to require you to resolve the matter in a prompt and reasonable manner in accordance with good business practices, we may require you to participate in consultation, issue resolution and/or retraining to address such matters, and we may charge you for such ongoing guidance in accordance with Section 4.2 herein.

You and your Owners agree to comply, and to assist us to the fullest extent possible in our efforts to comply with Anti-Terrorism Laws (defined below). In connection with that compliance, you and your Owners certify, represent, and warrant that none of your property or interests is subject to being blocked

under, and that you and your Owners otherwise are not in violation of, any of the Anti-Terrorism Laws. “Anti-Terrorism Laws” mean Executive Order 13224 issued by the President of the United States, the USA PATRIOT Act, and all other present and future federal, state, and local laws, ordinances, regulations, policies, lists, and other requirements of any governmental authority addressing or in any way relating to terrorist acts and acts of war. Any violation of the Anti-Terrorism Laws by you or your Owners, or any blocking of your or your Owners’ assets under the Anti-Terrorism Laws, shall constitute good cause for immediate termination of this Agreement, as provided in Section 14.

8.5 Insurance

You shall procure, at your sole expense, and maintain in full force and effect during the term of this Agreement, an insurance policy or policies protecting you, us, our respective officers, directors, partners and employees against any loss, liability, personal injury, death or property damage or expense whatsoever arising or occurring upon or in connection with The Beef Jerky Outlet Store, as we may reasonably require for our own and your protection. We shall be named an additional insured in such policy or policies.

Such policy or policies shall be in accordance with standards and specifications set forth in the Operations Manual or otherwise in writing, and shall include, at a minimum (except as different coverages and policy limits may reasonably be specified for all franchisees from time to time by us in the Operations Manual or otherwise in writing), the following:

8.5.1 “all risk” property insurance coverage for assets of the Store;

8.5.2 workers’ compensation insurance and employer liability coverage with a minimum limit of One Million Dollars (\$1,000,000) or higher if your state law requires;

8.5.3 comprehensive general liability insurance with a minimum liability coverage of One Million Dollars (\$1,000,000) per occurrence and Two Million Dollars (\$2,000,000) in the aggregate, or higher if your state law requires;

8.5.4 business interruption insurance;

8.5.5 automobile liability insurance of at least One Million Dollars (\$1,000,000) or higher if your state law requires for any vehicles used in the operation of your Store;

8.5.6 insurance coverage for contractual indemnity;

8.5.7 any insurance required by the terms of your lease agreement or mortgage for the Store; and

8.5.8 any other insurance we may require you to have.

Your insurance policies must be issued by an insurance company licensed to do business in the state where your Store is located and which has an A.M. Best rating of A or higher. The amounts required herein may be modified from time to time by us to reflect inflation or future experience with claims. The insurance afforded by the policy or policies respecting liability shall not be limited in any way by reason of any insurance which may be maintained by us. Not later than two (2) weeks prior to commencement of operations of the Store, a Certificate of Insurance showing compliance with the foregoing requirements shall be furnished by you to us for approval. Such certificate shall state that said policy or policies shall not be canceled or altered without at least thirty (30) days’ prior written notice to

us and shall reflect proof of payment of premiums. Maintenance of such insurance and the performance by you of the obligations under this Section 8 shall not relieve you of liability under the indemnity provision set forth in this Agreement. Minimum limits as required above may be modified from time to time, as conditions require, by written notice to you.

Should you, for any reason, not procure and maintain such insurance coverage as required by this Agreement, we shall have the right and authority (without, however, any obligation to do so) to immediately procure such insurance coverage and to charge same to you, which charges, together with a ten percent (10%) administrative fee for expenses incurred by us in connection with such procurement, shall be payable by you immediately upon notice.

8.6 Compliance with System Standards

You acknowledge and agree that operating and maintaining the Store according to System Standards is essential to preserve the goodwill of the Marks and the goodwill of all The Beef Jerky Outlet Stores. Therefore, you agree at all times to operate and maintain the Store according to each and every System Standard, as we periodically modify and supplement them. System Standards may regulate any aspect of the Store's operation and maintenance, including but not limited to any one or more of the following:

8.6.1 sales, marketing, advertising and promotional programs and materials and media used in these programs;

8.6.2 staffing levels for the Store and employee and/or independent contractor's qualifications, training, dress and appearance (although you have sole responsibility and authority concerning staff selection and promotion, hours worked, rates of pay and other benefits, work assigned and working conditions);

8.6.3 use and display of the Marks;

8.6.4 days and hours of operation, subject to applicable law and/or the terms of your lease;

8.6.5 methods of payment that you may accept from customers;

8.6.6 participation in market research and testing and product and service development programs;

8.6.7 bookkeeping, accounting, data processing and record keeping systems and forms; formats, content and frequency of reports to us of sales, revenue, and financial performance and condition; and giving us copies of tax returns and other operating and financial information concerning the Franchise (we will use reasonable efforts to keep such records confidential);

8.6.8 types, amounts, terms and conditions of insurance coverage required for the Store, including criteria for your insurance carriers; and

8.6.9 any other aspects of operating and maintaining the Store that we determine to be useful to preserve or enhance the efficient operation, image or goodwill of the Marks and The Beef Jerky Outlet Stores.

You agree that System Standards we prescribe in the Operations Manual, or otherwise communicate to you in writing or another form, are part of this Agreement as if fully set forth within its text. All references to this Agreement include all System Standards as periodically modified. Subject to your rights under Section 8.1 relating to alterations to the Store's appearance, layout and/or design and/or replacement of a material portion of your Operating Assets, you acknowledge that our periodic modification of the System Standards (including, without limitation, changes to the hardware and software required for the Computer System) may obligate you to invest additional capital in the Store and/or incur higher operating costs.

8.7 Pricing

With respect to the offer and sale of all products and services, we may from time to time offer guidance with respect to the selling price for such products and services or we may determine the minimum and/or maximum selling prices for such products and services, as permitted by applicable law, and you shall be bound to adhere to any such recommended or required pricing. If you elect to sell any or all of your products and services at any price recommended or required by us, you acknowledge that we have made no guarantee or warranty that offering such products and services at the recommended or required price will enhance your sales or profits. You shall not be permitted to charge lower prices on the internet than are being charged in your Store.

ARTICLE 9 **ADVERTISING AND MARKETING**

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

9.1 Participation in Advertising

We may from time to time develop and create advertising and sales promotion programs designed to promote and enhance the collective success of all The Beef Jerky Outlet Stores operating under the System. You shall participate in all such advertising and sales promotion programs in accordance with the terms and conditions established by us for each program. In all aspects of these programs, including, without limitation, the type, quantity, timing, placement and choice of media, market areas and advertising agencies, the standards and specifications established by us shall be final and binding upon you.

9.2 Local Marketing

You agree to spend each month not less than two percent (2%) of your Store's Gross Sales on advertising for your Store in your Designated Territory ("Local Marketing"). You may not directly solicit customers outside of your Designated Territory. Within thirty (30) days of our request, you must provide us with proof that you have spent the minimum required amount for Local Marketing.

Your advertising promotion and marketing will be completely clear, factual and not misleading and conform to the highest standards of ethical advertising and marketing and the advertising and marketing policies that we periodically prescribe. All of your advertising must also comply with any applicable laws or regulations. Before you use them, you must send us for approval samples of all advertising, promotional and marketing materials which we have not prepared or previously approved. If you do not receive written approval within fifteen (15) days after we receive the materials, they are deemed to be disapproved. You may not use any advertising, promotional or marketing materials that we have disapproved or that have not been approved by us within the previous twelve (12) months. All

proposed advertising materials submitted to us for review will become our property and there will be no limitation on our use or distribution of these materials. At our request you must include certain language in your Local Marketing materials, including “Franchises Available,” our website address and telephone number. This language shall be included on a dedicated sign that you are required to purchase from our designated vendor.

9.3 Marketing Fund

Recognizing the value of uniform marketing, advertising and promotion to the goodwill and public image of the System, you agree that we or our designee shall have the right to establish, maintain and administer a Marketing Fund (hereinafter referred to as the “Fund”) for such national and regional advertising programs as we may deem necessary or appropriate, in our sole discretion, as follows:

9.3.1 We shall direct all national and regional marketing programs with sole discretion over the creative concepts, materials, endorsements and media used therein, and the placement and allocation thereof. You understand and acknowledge that the Fund is intended to maximize general public recognition and acceptance of the System and the Marks for the benefit of all The Beef Jerky Outlet Stores operating under the System, and that we undertake no obligation in administering the Fund to ensure that expenditures from the Fund are proportionate or equivalent to your contributions made for your Store, or that any particular Store or franchisee benefits directly or pro rata from the placement of any such advertising.

9.3.2 You agree that the Fund may be used to meet any and all costs of maintaining, administering, directing and preparing national and/or regional advertising materials, programs and public relations activities (including, without limitation, the cost of preparing and conducting television, radio, magazine, billboard, newspaper, direct mail and other media programs and activities, for conducting marketing surveys, test marketing, employing advertising agencies to assist therewith, and providing promotional brochures, coupons and other marketing materials to all franchisees of the System). The Fund shall be held in a non-interest bearing account separate from our other funds, and shall not be used to defray any of our general operating expenses, except that we have the right to reimburse ourselves out of the Fund for the total costs (including indirect costs) of developing, producing and distributing any advertising materials and collecting the Marketing Fee (including attorneys’, auditors’ and accountants’ fees and other expenses incurred in connection with collecting any Marketing Fee).

9.3.3 A statement of the operations of the Fund shall be prepared annually by our accountants and shall be made available to you on written request. The cost of the statement shall be paid by the Fund. We are not required to have any Fund statement audited, but if we choose to have the Fund audited it will be at the Fund’s expense. Except as expressly provided in this Section 9.3, we assume no direct or indirect liability or obligation to you with respect to the maintenance, direction or administration of the Fund.

9.3.4 Each Store owned by us or our affiliates shall make contributions to the Fund as are required to be contributed by franchisees generally within the System.

9.3.5 Any monies remaining in the Fund at the end of any year will carry over to the next year. Although the Fund is intended to be of perpetual duration, we may terminate the Fund. The Fund shall not be terminated, however, until all monies in the Fund have been expended for advertising or promotional purposes or returned to contributing Stores or those operated by us, without interest, on the basis of their respective contributions.

9.3.6 If we elect to terminate the Fund, we may, in our sole discretion, reinstate the Fund at any time. If we so choose to reinstate the Fund, said reinstated Fund shall be operated as described herein.

9.4 Grand Opening Advertising

In addition to the ongoing advertising expenditures set forth herein, you shall be required to spend between Two Thousand Five Hundred Dollars (\$2,500) and Five Thousand Dollars (\$5,000) on a grand opening advertising campaign to advertise the opening of The Beef Jerky Outlet Store. The grand opening advertising campaign shall be conducted in the ninety (90) day period following the date the Store opens. You must submit to us, for our approval, the proposed grand opening advertising campaign before you conduct the campaign. Your grand opening advertising campaign must include the promotions we require, including print advertising, free samples and give-aways. At our request, you must pay to us the sum of Five Thousand Dollars (\$5,000) and we will conduct your grand opening advertising campaign for you.

9.5 Websites

We alone may establish, maintain, modify or discontinue all internet, worldwide web and electronic commerce activities pertaining to the System. We may establish one or more websites accessible through one or more uniform resource locators (“URLs”) and, if we do, we may design and provide for the benefit of your Store a “click through” subpage at our website for the promotion of your Store. If we establish one or more websites or other modes of electronic commerce and if we provide a “click through” subpage at the website(s) for the promotion of your Store, you must routinely provide us with updated copy, photographs and news stories about your Store suitable for posting on your “click through” subpage. We reserve the right to specify the content, frequency and procedure you must follow for updating your “click through” subpage.

Any websites or other modes of electric commerce that we establish or maintain may – in addition to advertising and promoting the products and services available at The Beef Jerky Outlet Stores – also be devoted in part to offering The Beef Jerky Outlet franchises for sale and be used by us to exploit the electronic commerce rights which we alone reserve.

In addition to these activities, we may also establish an intranet through which downloads of operations and marketing materials, exchanges of franchisee e-mail, System discussion forums and system-wide communications (among other activities) can be done. You may not maintain your own website; otherwise maintain a presence or advertise on the internet or any other mode of electronic commerce in connection with your Store; establish a link to any website we establish at or from any other website or page; or at any time establish any other website, electronic commerce presence or URL which in whole or in part incorporates “The Beef Jerky Outlet” name or any name confusingly similar to the Marks, without our prior written consent. If you participate in internet sales, you may only do so through the “click through” subpage on our website that we provide. You are strictly prohibited from selling any products using any other internet presence, such as Amazon.com or Ebay.

You are not permitted to promote your Store or use any of the Marks in any manner on any social or networking websites, such as Facebook, LinkedIn or Twitter, without our prior written consent. We will control all social media initiatives. You must comply with our System Standards regarding the use of social media in your Store’s operation, including prohibitions on your and the Store’s employees posting or blogging comments about the Store or the System, other than on a website established or authorized by us (“social media” includes personal blogs, common social networks like Facebook and MySpace, professional networks like LinkedIn, live-blogging tools like Twitter, virtual worlds, file, audio and video-sharing sites, and other similar social networking or media sites or tools). We will provide access

to branded social media pages/handles/assets, and you must update these regularly. We reserve the right to conduct collective/national campaigns via local social media on your behalf.

We alone will be, and at all times will remain, the sole owner of the copyrights to all material which appears on any website we establish and maintain, including any and all material you may furnish to us for your “click through” subpage.

You agree to comply with our electronic commerce policies, as included in our Operations Manual and as such policies may be updated from time to time.

9.6 Advisory Council

We reserve the right to establish an advisory council comprised of franchisees and our representatives to work with us to improve various aspects of the System, including advertising conducted by the Fund, new products or services to be offered, and similar issues. Franchisee participants will be chosen by us or may be elected by other franchisees in the System. If you participate on an advisory council, you must pay all expenses you incur related to your participation, such as travel and living expenses to attend council meetings. If established, the advisory council will act in an advisory capacity only and will not have decision making authority. We have the right to establish, change, merge or dissolve any advisory council at any time.

ARTICLE 10 RECORDS, REPORTS AND FINANCIAL STATEMENTS

10.1 Records

During the term of this Agreement, you shall maintain full, complete and accurate books, records and accounts in accordance with the standard accounting system prescribed by us in the Operations Manual or otherwise in writing. You shall retain during the term of this Agreement, and for three (3) years thereafter, all books and records related to the Store including, without limitation, purchase orders, invoices, payroll records, sales tax records, state and federal tax returns, bank statements, cancelled checks, deposit receipts, cash receipts and disbursement journals, general ledgers, and any other financial records designated by us or required by law.

10.2 Gross Sales Reports

You shall maintain an accurate record of Gross Sales and shall deliver to us via facsimile transmission, email, the intranet or another method required by us, a signed and verified statement of Gross Sales (“Gross Sales Report”) for the week ending each Sunday in a form that we approve or provide in the Operations Manual. The Gross Sales Report for the preceding week must be provided to us by the close of business on Tuesday of each week.

10.3 Financial Statements

You shall supply to us, on or before the fifteenth (15th) day of each month, in a form approved by us, a balance sheet as of the end of the last day of the preceding month and an income statement for the preceding month and the fiscal year-to-date. You shall, at your expense, submit to us within ninety (90) days after the end of each calendar year an income statement for the calendar year just ended and a balance sheet as of the last day of the calendar year. Such financial statements shall be prepared in accordance with GAAP applied on a consistent basis. If required by us, such financial statements shall be reviewed or audited by a certified public accountant. You shall submit to us such other periodic reports in the manner and at the time specified in the Operations Manual or otherwise in writing.

10.4 Other Reports

You shall submit to us copies of all state sales tax returns related to the Store that are required to be filed with the appropriate governmental agency and such other records as we may reasonably request from time to time or as specified in the Operations Manual. We shall have the right to release financial and operational information relating to the Store to our lenders or prospective lenders and to disclose such information in our Franchise Disclosure Document. You shall certify as true and correct all reports to be submitted pursuant to this Agreement.

10.5 Access to Computer System

Notwithstanding your obligation to provide financial reports as described above, you understand and acknowledge that we shall have full access to your Computer System and all of the data and related information stored on such Computer System by means of direct access, either in person or by telephone, modem or Internet, to permit us to verify your compliance with your obligations under this Agreement.

10.6 Video/Computer Surveillance

We reserve the right to require you to purchase, install and use video and computer surveillance systems consisting of hardware, software and/or services in accordance with our specifications. We shall have full access to all of your video and computer surveillance systems and all related information by means of direct access, either in person or by telephone, modem or Internet to permit us to verify your compliance with your obligations under this Agreement. You shall provide to us any and all passwords or security codes required to access and view the video surveillance system over the Internet.

10.7 Right to Inspect

We or our designee has the right, during normal business hours, to examine, copy and audit your books, records and tax returns. If the audit or any other inspection should reveal that any payments to us have been underpaid, then you shall immediately pay to us the amount of the underpayment plus interest as described in Section 3.6 above. If the audit or any other inspection should reveal that you have not spent two percent (2%) of your monthly Gross Sales on Local Marketing or if the inspection discloses an underpayment of three percent (3%) or more of the amount due for any period covered by the audit, you shall, in addition, reimburse us for any and all costs and expenses connected with the inspection (including, without limitation, travel expenses and reasonable accounting and attorneys' fees). The foregoing remedies shall be in addition to any other remedies we may have.

10.8 Release of Records

At our request, you shall authorize and direct any third parties, including accounting and legal professionals, to release to us all accounting and financial records arising from or relating to the operation of the Store including, but not limited to, records evidencing Gross Sales, profits, losses, income, tax liabilities, tax payments, revenues, expenses, and any correspondence, notes, memoranda, audits, business records, or internal accounts within said third parties' possession, custody or control, and to continue to release such records to us on a monthly basis for the length of the unexpired term of this Agreement or until such time as we withdraw our request. You shall execute all documents necessary to facilitate the release of records referenced herein to us.

ARTICLE 11 **INSPECTIONS**

To determine whether you and the Store are complying with this Agreement and all System Standards, we and our designated agents and representatives may at all times during normal business hours and without prior notice to you:

- (a) inspect the Store;
- (b) observe, photograph, and video record the Store's operation for consecutive or intermittent periods we deem necessary;
- (c) interview the Store's personnel and customers; and
- (d) inspect and copy any books, records and documents relating to the Store's operation.

You agree to cooperate with us and/or our agents fully. If we exercise any of these rights, you will use your best efforts not to interfere unreasonably with the Store's operation. You agree to present to your customers the evaluation forms that we periodically prescribe and to participate and/or request your customers to participate in any surveys performed by or for us.

ARTICLE 12 **TRANSFER**

12.1 By Us

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

You expressly affirm and agree that we may sell our assets, our rights to the Marks or to the System outright to a third party; may go public; may engage in a private placement of some or all of our securities; may merge, acquire other corporations, or be acquired by another corporation; may undertake a refinancing, recapitalization, leveraged buyout or other economic or financial restructuring; and, with regard to any or all of the above sales, assignments and dispositions, you expressly and specifically waive any claims, demands or damages arising from or related to the loss of said Marks (or any variation thereof) and/or the loss of association with or identification of "The Beef Jerky Outlet Franchise, Inc." as Franchisor. Nothing contained in this Agreement shall require us to remain in the same business or to offer the same products and services, whether or not bearing the Marks, in the event that we exercise our right to assign our rights in this Agreement.

12.2 By You

You understand and acknowledge that the rights and duties this Agreement creates are personal to you and your Owners and that we have granted you the Franchise in reliance upon the individual or collective character, skill, aptitude, attitude, business ability and financial capacity of you and your Owners. Accordingly, neither (i) this Agreement (nor any interest in this Agreement), nor (ii) any interest in the ownership of you, the Franchise, the Store (or any right to receive all or a portion of the Store's profits or losses), or all or substantially all of the Operating Assets, may be transferred without our prior

written approval. A transfer of the Store's and the Operating Assets' ownership, possession or control may be made only with a transfer of this Agreement. Any transfer without our prior written approval is a breach of this Agreement and shall be void and of no effect. In this Agreement, the term "transfer" includes your voluntary, involuntary, direct or indirect assignment, sale, gift or other disposition and includes the following events:

12.2.1 transfer of an interest in this Agreement, the Operating Assets or the Store (or any right to receive all or a portion of the Store's profits or losses) in a divorce, insolvency or entity dissolution proceeding, or otherwise by operation of law; or

12.2.2 if you die, transfer of an interest in this Agreement, the Operating Assets or the Store (or any right to receive all or a portion of the Store's profits or losses) by will, declaration of or transfer in trust, or under the laws of intestate succession; or

12.2.3 pledge of this Agreement (to someone other than us) as security, foreclosure upon the Store, or your transfer, surrender or loss of the Store's possession, control or management; or

12.2.4 the transfer of shares, partnership or member interests, or other ownership interests of you; or

12.2.5 merger or consolidation or issuance of additional securities representing ownership interests; or

12.2.6 any sale of ownership interests carrying voting rights of you or any security convertible to voting ownership interests of you or any agreement granting the right to exercise or control the exercise of the voting rights of any holder of an ownership interest.

12.3 Conditions for Approval of Transfer

If you and your Owners are in full compliance with this Agreement, then, subject to the other provisions of this Section, we will not unreasonably withhold our approval of a transfer that meets all the requirements in this Section; provided, however, that if the transfer is of a minority ownership interest in you (and you retain a majority equity interest and voting control), Subsections 12.3.2, 12.3.5, 12.3.6, 12.3.7, 12.3.10 and 12.3.11 below shall not apply. Except as described in the previous sentence, all of the following conditions must be met before or concurrently with the effective date of the transfer:

12.3.1 the transferee and its owners shall meet our then applicable standards for The Beef Jerky Outlet Store franchisee;

12.3.2 the transferee has sufficient business experience, aptitude and financial resources to operate the Store;

12.3.3 you have paid all required Royalty Fees and other amounts owed to us and our affiliates, have submitted all required reports and statements, and are not in violation of any provision of this Agreement or any other agreement with us or our affiliates;

12.3.4 the transferee does not operate, or have an ownership or other interest in or relationship with a Competitive Business or has fully divested all such ownership or other interest in such Competitive Business at least fourteen (14) days prior to transfer, and shall execute an affidavit undertaking to such effect;

12.3.5 the transferee satisfactorily completes our training program. The cost of providing our training program is included in the transfer fee described in Section 12.3.7 below; provided that the transferee shall pay all of its own expenses to attend such training program;

12.3.6 the transferee and any other persons designated by us sign our then-current form of franchise agreement and related documents, the provisions of which may differ materially from any and all of those contained in this Agreement and the term of which shall be for the remaining term of this Agreement at the time of transfer;

12.3.7 you or the transferee pay us, upon consummation of the transfer, our then current transfer fee, which, as of the date of this Agreement, is Ten Thousand Dollars (\$10,000);

12.3.8 you and your transferring Owners sign a general release, in a form satisfactory to us, of any and all claims against us and our affiliates and our and their respective shareholders, officers, directors, employees, representatives, agents, successors and assigns;

12.3.9 we have determined that the purchase price and payment terms will not adversely affect the transferee's operation of the Store;

12.3.10 if you finance any part of the purchase price, you agree that all of the transferee's obligations under promissory notes, agreements or security interests reserved in the Store are subordinate to the transferee's obligation to pay Royalty Fees, Marketing Fees, and other amounts due to us and/or our affiliates, and otherwise to comply with this Agreement;

12.3.11 the landlord of the Store must consent in writing to the assignment of your lease to the transferee;

12.3.12 if the proposed transferee is acquiring a portion of the interest in the legal entity that is you, then the proposed transferee, and any owners of the proposed transferee, must execute our form of guaranty;

12.3.13 you agree for two (2) years beginning on the transfer's effective date, not to engage in any of the activities prescribed in Section 15.4 below; and

12.3.14 you will not directly or indirectly at any time or in any manner (except with respect to other Stores you own and operate pursuant to franchise agreements with us) identify yourself or any business as a current or former The Beef Jerky Outlet Store or as one of our franchisees, use any Mark, any colorable imitation of a Mark, or other indicia of The Beef Jerky Outlet Store in any manner or for any purpose, or utilize for any purpose any trade name, trademark, service mark, or other commercial symbol that suggests or indicates a connection or association with us.

We may review all information regarding the Store that you give the transferee, correct any information that we believe is inaccurate, and give the transferee copies of any reports that you have given us or we have made regarding the Store.

12.4 Transfer to a Wholly Owned or Controlled Entity

If you are an individual or individuals and are in full compliance with this Agreement, then we shall not unreasonably withhold our approval of a transfer of this Agreement, the Franchise, and the Store, one (1) time only, to a corporation or comparable legal entity: (i) which conducts no business other than the Store, and (ii) in which the individual(s) originally purchasing the Franchise maintain control and

own and control one hundred percent (100%) of the equity and voting power of all issued and outstanding ownership interests in the same proportional interest as originally owned. Shareholder certificates or other documents representing ownership interests of such legal entity must be endorsed with a legend in form approved by us reciting that the transfer of interests in you is subject to the restrictions of this Agreement. Such an assignment shall not relieve you of your obligations hereunder and your Owners shall execute the form of Guaranty and Assumption of Obligations attached hereto as Exhibit C. You and our Owners shall remain jointly and severally liable to us for all obligations hereunder. A transfer pursuant to this Section 12.4 may occur one (1) time only without payment of the transfer fee.

12.5 Transfer Upon Death or Disability

Upon your death or disability, your executor, administrator, conservator, guardian or other personal representative must appoint a manager for the Store who is acceptable to us within sixty (60) days and thereafter transfer your interest in this Agreement, the Operating Assets and the Store to a third party. That transfer (including, without limitation, transfer by bequest or inheritance) must occur within a reasonable time, not to exceed one hundred eighty (180) days from the date of death or disability, and is subject to all of the terms and conditions in this Section. A failure to appoint such a manager or transfer your interest in this Agreement, the Operating Assets and the Store within this time period is a breach of this Agreement. The term “disability” means a mental or physical disability, impairment or condition that is reasonably expected to prevent or actually does prevent you from supervising the Store’s management and operation for thirty (30) or more consecutive days.

12.6 Operation in the Event of Absence or Disability

In order to prevent any interruption of the Store’s operations which would cause harm to the Store, thereby depreciating the value thereof, you authorize us, who may, at our option, in the event that you are absent for any reason or are incapacitated by reason of illness and are unable, in our sole and reasonable judgment, to operate the Store, operate the Store for so long as we deem necessary and practical, and without waiver of any other rights or remedies we may have under this Agreement. All monies from the operation of the Store during such period of operation by us shall be kept in a separate account, and the expenses of the Store, including reasonable compensation and expenses for our representative, shall be charged to said account. If, as herein provided, we temporarily operate the Store franchised herein for you, you agree to indemnify and hold harmless us and any representative of ours who may act hereunder, from any and all acts which we may perform, as regards the interests of you or third parties.

12.7 Effect of Consent to Transfer

Our consent to any transfer is not a representation of the fairness of the terms of any contract between you and the transferee, a guarantee of the Store’s or transferee’s prospects of success, or a waiver of any claims we have against you or of our right to demand the transferee’s full compliance with this Agreement’s terms or conditions.

12.8 Our Right of First Refusal

If you at any time determine to sell or transfer (1) an interest in this Agreement, (2) all or substantially all of the Operating Assets, or (3) the Store (including the right to receive your portion of the Store’s profits or losses) – except to or among your Owners – you agree to obtain from a responsible and fully disclosed buyer, and send to us, a true and complete copy of a bona fide, executed written offer relating exclusively to an interest in this Agreement, the Operating Assets and the Store. The offer must include details of the payment terms of the proposed sale and the sources and terms of any financing for the proposed purchase price. To be a valid, bona fide offer, the proposed purchase price must be in a

dollar amount, and the proposed buyer must submit with its offer an earnest money deposit equal to five percent (5%) or more of the offering price.

We may, by delivering written notice to you within thirty (30) days after we receive both an exact copy of the offer and all other information we request, elect to purchase the interest for the price and on the terms and conditions contained in the offer, provided that: (1) we may substitute cash for any form of payment proposed in the offer; (2) our credit will be deemed equal to the credit of any proposed buyer; (3) we will have not less than sixty (60) days to prepare for closing after notifying you of our election to purchase; and (4) we must receive, and you agree to make, all customary representations and warranties given by the seller of the assets of a business, including, without limitation, representations and warranties regarding ownership and condition of, and title to, assets and validity of contracts and the liabilities, contingent or otherwise, relating to the assets being purchased. If we exercise our right of first refusal, you agree that, for two (2) years beginning on the closing date, you will be bound by the non-competition covenant contained in Section 15.4 below.

If we do not exercise our right of first refusal, you may complete the sale to the proposed buyer on the original offer's terms, subject to our approval of the transfer as provided in Sections 12.2 and 12.3 above. If you do not complete the sale to the proposed buyer within sixty (60) days after we notify you that we do not intend to exercise our right of first refusal, or if there is a material change in the terms of the sale (which you must tell us promptly), we will have an additional right of first refusal during the thirty (30) day period following either the expiration of the sixty (60) day period or our receipt of notice of the material change(s) in the sale's terms, either on the terms originally offered or the modified terms, at our option.

12.9 Ownership Structure

If you are an entity, you represent and warrant that your ownership structure is as set forth on Exhibit A hereto and covenant that you will not vary from that ownership structure without our prior written approval.

ARTICLE 13 GRANT OF A RENEWAL FRANCHISE

13.1 Renewal

If you satisfy the requirements set forth below, you may renew for up to three (3) additional terms of five (5) years each.

13.1.1 You shall have been, throughout the initial term of this Agreement, in substantial compliance, and at the expiration of such initial term are in full compliance, with this Agreement, your lease or sublease and all other agreements between you and us or companies or persons associated or affiliated with us.

13.1.2 You shall, within six (6) months before the expiration of the initial term, provide written notice to us that you wish to renew this Agreement and we, in turn, shall provide you with any documents that you are required to execute for the renewal term, which documents may include, but are not limited to, a general release, our then-current Franchise Agreement and all other ancillary agreements, instruments and documents then customarily used by us in the granting of The Beef Jerky Outlet franchises (all of which will contain terms and fees substantially the same as those included in Franchise Agreements being executed at the time of renewal, and which will not obligate you to pay a further initial

franchise fee, but will require payment of a renewal fee in an amount equal to Two Thousand Five Hundred Dollars (\$2,500) (the “Renewal Franchise Documents”).

13.1.3 You shall execute the Renewal Franchise Documents and all other documents and instruments that we require in order to renew this Agreement. You shall return the executed Renewal Franchise Documents to us, together with payment of our then-current renewal fee, by no later than the expiration date of the initial term. If we do not receive the executed documents and renewal fee by such expiration date, then this Agreement shall expire, you shall have no further rights under this Agreement, and you shall comply with the provisions of Article 15 and any other provisions that survive termination or expiration of this Agreement.

13.1.4 After we have received from you all executed Renewal Franchise Documents and the renewal fee, we shall inspect your Store to determine the extent of any required updating, remodeling, redecorating or other refurbishment for the Store in order to bring the Store up to our then-current image and standards for new The Beef Jerky Outlet Stores. We will provide notice to you of the modifications you shall be required to make and you shall have six (6) months from the date of such notice to effectuate such modifications. If you fail or refuse to make the required modifications, we shall have the right to terminate the Renewal Franchise Documents.

13.2 Refusal to Renew Franchise Agreement

We can refuse to renew your franchise if your lease, sublease or other document by which you have the right to occupy the Store premises is not extended before your renewal term is to take effect to cover the period of the renewal or if you do not have a written commitment from your landlord to renew the lease or sublease for a period at least equal to the renewal term. We may also refuse to renew your franchise under other circumstances, including, but not limited to, your failure to substantially comply with the terms of this Agreement, your failure to pay amounts owed to us when due, or your failure to cure of any defaults incurred during the initial term of this Agreement, if applicable.

13.3 Renewal Under Law

Even though we decline the renewal of your Franchise, it is possible that we can be required to renew it under a law, rule, regulation, statute, ordinance, or legal order that is applicable at the time. If that happens, to the extent it is allowed by the concerned law, rule, regulation, statute, ordinance or order, your renewal term will be subject to the conditions of the Franchise Agreement we are using for new franchisees at the time the renewal period begins. If we are not then offering new franchises, your renewal period will be subject to the terms in the then-current Franchise Agreement that we indicate. If for any reason that is not allowed, the renewal term will be governed by the terms of this Agreement.

13.4 Your Election Not to Renew

For the purposes hereof, you shall be deemed to have irrevocably elected not to renew the franchise hereunder (and the option to do so shall thereupon terminate) if you fail to execute and return to us any of the Renewal Franchise Documents required by us for a renewal franchise, together with payment of our then-current renewal fee, or if you provide written notice to us within the final ninety (90) days of the initial term indicating that you do not wish to renew this Agreement.

ARTICLE 14
TERMINATION OF AGREEMENT

14.1 Our Termination Rights – No Opportunity to Cure

We may terminate this Agreement, effective upon delivery of written notice of termination to you, if:

14.1.1 you or any of your Owners have made or make a material misrepresentation or omission in acquiring the Franchise or operating the Store;

14.1.2 you fail to open the Store for business within the time frame required by Section 2.4;

14.1.3 you or your Designated Manager do not satisfactorily complete initial training;

14.1.4 you abandon or fail actively to operate the Store for five (5) or more consecutive business days without our prior approval, except for in the case of acts of God, war, terrorism and other situations which are beyond your control; provided, however, that your lack of financing shall not be deemed a situation beyond your control;

14.1.5 you or an Owner surrender or transfer control of the Store's operation without our prior written consent;

14.1.6 you or an Owner are or have been convicted by a trial court of, or plead or have pleaded no contest to, a felony or misdemeanor involving violence or moral turpitude;

14.1.7 you after receiving written notice from us, fail to maintain the insurance we require from time to time;

14.1.8 you interfere with our right to inspect the Store or observe its operation, as provided in Article 11 of this Agreement;

14.1.9 you or an Owner engage in any dishonest or unethical conduct which, in our opinion, adversely affects the Store's reputation, the reputation of other The Beef Jerky Outlet Stores or the goodwill associated with the Marks;

14.1.10 you or an Owner make an unauthorized assignment or transfer of this Agreement, all or substantially all of the Operating Assets, the Store or the right to receive all or any part of the Store's profits or losses;

14.1.11 any material licenses, permits or certifications necessary for the Store's proper operation are revoked or not renewed;

14.1.12 you or an Owner make any unauthorized use or disclosure of any part of the Operations Manual or any other Confidential Information;

14.1.13 you fail to pay when due any federal, state or local income, service, sales or other taxes due on the Store's operation, unless you are in good faith contesting your liability for these taxes;

14.1.14 you (a) fail on three (3) or more separate occasions within any twelve (12) consecutive month period to submit when due reports or other data, information or supporting records, to pay when due any amounts due to us (or our affiliates), or otherwise to comply with this Agreement, whether or not you correct any of these failures after we deliver written notice to you; or (b) fail on two (2) or more separate occasions within any six (6) consecutive month period to comply with the same obligation under this Agreement, whether or not you correct either of the failures after we deliver written notice to you;

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

14.1.16 you, your Owners or a member of your or your Owner's immediate family violates the restrictions of Article 7 (Exclusive Relationship) or any other non-compete agreement;

14.1.17 you cause or permit to exist a material default under the lease or sublease for the Site and fail to cure such default within the applicable cure period set forth in the lease or sublease;

14.1.18 you fail to pay us or our affiliates any amounts due and do not correct the failure within three (3) business days after we deliver written notice of that failure to you;

14.1.19 your or your Owners' assets, property or interests are "blocked" under any law, ordinance or regulation relating to terrorist activities or if you or your Owners otherwise are in violation of any such law, ordinance or regulation, or any other law, ordinance or regulation applicable to The Beef Jerky Outlet Store;

14.1.20 you fail to comply with any other provision of this Agreement or any System Standard and do not correct the failure within thirty (30) days after we deliver written notice of the failure to you.

14.2 Our Termination Rights – Opportunity to Cure

This Agreement shall, at our option, terminate upon notice and your failure to cure within the specified time periods if you:

14.2.1 fail or refuse to make payments of any amounts due us for Royalty Fees or any other amounts due to us or our affiliates, and do not correct such failure or refusal within three (3) business days after written notice of such failure is delivered to you;

14.2.2 fail or refuse to comply with any other provision of this Agreement, or any mandatory specification, standard or operating procedure prescribed in the Operations Manual or otherwise in writing, and do not correct such failure within thirty (30) days or provide proof acceptable to us that you have made all reasonable efforts to correct such failure and shall continue to make all reasonable efforts to cure until a cure is effected; if such failure cannot reasonably be corrected within thirty (30) days after written notice of such failure to comply is delivered to you;

14.2.3 materially misuse or make an unauthorized use of any of the Marks or commit any other act which can reasonably be expected to materially impair the goodwill associated with any of the Marks and do not correct the misuses or unauthorized use within thirty (30) days of receiving notice;

14.2.4 have any required license, permit or certification suspended and do not reinstate such license, permit or certification in good standing within thirty (30) days of receiving notice; or

14.2.5 receive an unreasonable amount of consumer complaints against your Store, or you fail to reimburse our costs related to handling a customer service complaint as described in Section 8.4 above.

14.3 Reinstatement and Extension

To the extent that the provisions of this Agreement provide for periods of notice less than those required by applicable law, or provide for termination, cancellation, non-renewal or the like, other than in accordance with applicable law, to the extent such are not in accordance with applicable law, we may reinstate or extend the term for the purpose of complying with applicable law by submitting a written notice to you without waiving any of our rights under this Agreement.

14.4 Cross-Defaults, Non-Exclusive Remedies, etc.

Any default by you (or any person/company affiliated with you) under this Agreement may be regarded as a default under any other agreement between us (or any of our affiliates) and you (or any of your affiliates). Any default by you (or any person/company affiliated with you) under any other agreement, including, but not limited to, any lease and/or sublease, between us (or any of our affiliates) and you (or any person/company affiliated with you), and any default by you (or any person/company affiliated with you) under any obligation to us (or any of our affiliates) may be regarded as a default under this Agreement. Any default by you (or any person/company affiliated with you) under any lease, sublease, loan agreement, security interest or otherwise, whether with us, any of our affiliates and/or any third party may be regarded as a default under this Agreement and/or any other agreement between us (or any of our affiliates) and you (or any of your affiliates).

In each of the foregoing cases, we (and any of our affiliates) will have all remedies allowed at law, including termination of your rights (and/or those of any person/company affiliated with you) and our (and/or our affiliates') obligations. No right or remedy which we may have (including termination) is exclusive of any other right or remedy provided under law or equity and we may pursue any rights and/or remedies available.

14.5 Our Right to Discontinue Services to You

If you are in breach of any obligation under this Agreement, and we deliver to you a notice of termination pursuant to this Article 14, we have the right to suspend our performance of any of our obligations under this Agreement including, without limitation, the sale or supply of any services or products for which we are an approved supplier to you and/or suspension of your webpage on our

Website, until such time as you correct the breach, if such breach may be cured under the terms of this Agreement.

14.6 Amendment Pursuant to Applicable Law

Notwithstanding anything to the contrary contained in this Article, if any valid, applicable law or regulation of a competent governmental authority having jurisdiction over this franchise and the parties hereto shall limit our rights of termination under this Agreement or shall require longer notice periods than those set forth above, this Agreement is deemed amended to satisfy the minimum notice periods or restrictions upon such termination required by such laws and regulations; provided, however, that such constructive amendment shall not be deemed a concession by us that the grounds for termination set forth in this Agreement do not constitute “good cause” for termination within the meaning ascribed to that term by any applicable law or regulation. We shall not be precluded from contesting the validity, enforceability or application of such laws or regulations in any action, hearing or proceeding relating to this Agreement or the termination of this Agreement.

ARTICLE 15 **RIGHTS AND OBLIGATIONS UPON TERMINATION** **OR EXPIRATION OF THIS AGREEMENT**

15.1 Payment of Amounts Owed

You agree to pay, within fifteen (15) days after this Agreement expires or is terminated, or on any later date that we determine the amounts due to us or our affiliates, the Royalty Fee, Marketing Fee, late fees and all other amounts owed to us or our affiliates which then are unpaid.

15.2 De-Identification

When this Agreement expires or is terminated for any reason:

15.2.1 you shall not directly or indirectly at any time thereafter or in any manner (except in connection with other The Beef Jerky Outlet Stores you own and operate): (a) identify yourself or any business as a current or former The Beef Jerky Outlet Store or as one of our franchisees; (b) use any Mark, any colorable imitation of a Mark, any trademark, service mark or commercial symbol that is confusingly similar to any Mark, or other indicia of The Beef Jerky Outlet Store in any manner or for any purpose; or (c) use for any purpose any trade name, trademark, service mark or other commercial symbol that indicates or suggests a connection or association with us;

15.2.2 you agree to take the action required to cancel all fictitious or assumed name or equivalent registrations relating to your use of any Mark;

15.2.3 you agree to deliver to us within thirty (30) days all signs; advertising, marketing and promotional materials; forms; and other materials containing any Mark or otherwise identifying or relating to The Beef Jerky Outlet Store that we request and allow us, without liability to you or third parties, to remove these items from the Store;

15.2.4 if we do not exercise an option to purchase the Store under Section 15.5 below, you agree promptly and at your own expense to make the alterations we specify in the Operations Manual (or otherwise) to distinguish the Store clearly from its former appearance and from other The Beef Jerky Outlet Stores in order to prevent public confusion;

15.2.5 you agree to notify the telephone company and all telephone directory publishers of the termination or expiration of your right to use any telephone, telecopy or other numbers and telephone directory listings associated with any Mark, to authorize the transfer of these numbers and directory listings to us or at our direction, and/or to instruct the telephone company to forward all calls made to your numbers to numbers we specify. As soon as you obtain any such numbers and listings, you shall sign our forms of Internet Websites and Listing Agreement and Telephone Listing Agreement, attached to this Agreement as Exhibit D. If you fail to do so, we may take whatever action and sign whatever documents we deem appropriate on your behalf to effect these events; and

15.2.6 you agree to give us, within thirty (30) days after the expiration or termination of this Agreement, evidence satisfactory to us of your compliance with these obligations.

15.3 Confidential Information

You agree that, when this Agreement expires or is terminated, you will immediately cease using any of Confidential Information in any business or otherwise and return to us all Confidential Information, including all copies of the Operations Manual, the Customer List, and any confidential materials that we have loaned you.

15.4 Covenant Not to Compete

Upon our termination of this Agreement according to its terms and conditions, upon transfer of this Agreement, or upon expiration of this Agreement without renewal, you agree that, for two (2) years beginning on the effective date of termination, the effective date of transfer, the expiration date or the date on which all persons restricted by this Section 15.4 begin to comply with this Section 15.4, neither you nor any Owner will have any direct or indirect interest (e.g. through a spouse) as a disclosed or beneficial owner, investor, partner, director, officer, employee, consultant, representative or agent in any Competitive Business (as defined in Article 7 above) within the Designated Territory and within twenty-five (25) miles of any The Beef Jerky Outlet Store in the System.

You and your Owners expressly acknowledge that you and they possess skills and abilities of a general nature and have other opportunities for exploiting these skills. Consequently, we in enforcing the covenants made in this Section will not deprive you or your Owners of your or their personal goodwill or ability to earn a living.

15.5 Our Right to Purchase Store

15.5.1 Exercise of Option. Upon our termination of this Agreement according to its terms and conditions or upon expiration of this Agreement without renewal, we have the option, exercisable by giving you written notice within thirty (30) days after the date of termination or expiration, to purchase all or any assets of the Store that we designate. We have the unrestricted right to assign this option to purchase. We are entitled to all customary warranties and representations in our asset purchase, including, without limitation, representations and warranties as to ownership and condition of and title to assets, validity of contracts and agreements, and liabilities affecting the assets, contingent or otherwise.

15.5.2 Purchase Price. The purchase price for the assets we choose to acquire will be their book value, provided that these items will not include any value for the Franchise or any rights granted by this Agreement, goodwill attributable to the Marks, our brand image, and other intellectual property or participation in the network of The Beef Jerky Outlet Stores. For purposes of determining the book value of all equipment (including the Computer System) used in operating the Store, the equipment's useful life shall be determined to be no more than three (3) years.

15.5.3 We (or our assignee) will pay the purchase price at the closing, which will take place not later than sixty (60) days after the purchase price is determined, although we (or our assignee) may decide after the purchase price is determined not to exercise our purchase option. We may set off against the purchase price, and reduce the purchase price by, any and all amounts you owe us or our affiliates. At the closing, you agree to deliver instruments transferring to us (or our assignee): (a) good and merchantable title to the assets purchased, free and clear of all liens and encumbrances (other than liens and security interests acceptable to us), with all sales and transfer taxes paid by you; and (b) all of the Store's licenses and permits which may be assigned or transferred.

15.5.4 If you cannot deliver clear title to all of the purchased assets, or if there are other unresolved issues, we and you will close the sale through an escrow. You further agree to execute general releases, in a form satisfactory to us, of any and all claims against us and our affiliates and our respective shareholders, officers, directors, employees, agents, representatives, successors and assigns. If we exercise our rights under this Section 15.5, you agree that, for two (2) years beginning on the closing date, you will be bound by the non-competition covenant contained in Section 15.4 above.

15.6 Continuing Obligations

All of our and your obligations hereunder which expressly or by their nature survive this Agreement's expiration or termination will continue in full force and effect subsequent to and notwithstanding its expiration or termination and until these obligations are satisfied in full or by their nature expire.

15.7 Liquidated Damages

If we terminate this Agreement for cause pursuant to Article 14, you must pay us liquidated damages equal to the average value of the Royalty Fees you paid or owed (per month) to us during the twelve (12) months before the termination multiplied by (i) twenty-four (24), being the number of months in two (2) full years, or (ii) the number of months remaining during the term of this Agreement, whichever is higher.

The parties hereto acknowledge and agree that it would be impracticable to determine precisely the damages we would incur from this Agreement's termination and the loss of cash flow from Royalty Fees due to, among other things, the complications of determining what costs, if any, we might have saved and how much the Royalty Fees would have grown over what would have been this Agreement's remaining term. The parties hereto consider this liquidated damages provision to be a reasonable, good faith pre-estimate of those damages.

The liquidated damages provision only covers our damages from the loss of cash flow from the Royalty Fees. It does not cover any other damages, including damages to our reputation with the public and landlords and damages arising from a violation of any provision of this Agreement other than the Royalty Fee section. You and each of your owners agree that the liquidated damages provision does not give us an adequate remedy at law for any default under, or for the enforcement of, any provision of this Agreement other than the Royalty Fee section.

ARTICLE 16
RELATIONSHIP OF THE PARTIES; INDEMNIFICATION

16.1 Independent Contractors

You and we understand and agree that this Agreement does not create a fiduciary relationship between us, that you and we are and will be independent contractors, and that nothing in this Agreement is intended to make either you or us a general or special agent, joint venturer, partner or employee of the other for any purpose. You agree to identify yourself conspicuously in all dealings with customers, suppliers, public officials, Store personnel and others as the Store's independent owner under a Franchise we have granted. You further agree to place notices of independent ownership on the forms, business cards, stationery, advertising and other materials we require from time to time, including without limitation a conspicuously placed sign at the Store.

16.2 No Liability for Acts of Other Party

We and you agree not to make any express or implied agreements, warranties, guarantees or representations, or incur any debt, in the name or on behalf of the other or represent that our relationship is other than franchisor and franchisee. We will not be obligated for any damages to any person or property directly or indirectly arising out of the Store's operation or the business you conduct under this Agreement.

16.3 Taxes

We will have no liability for any sales, use, service, occupation, excise, gross receipts, income, property, corporate or other taxes, whether levied upon you or the Store, due to the business you conduct (except any taxes we are required by law to collect from you for purchases from us, if we are an approved supplier). You are responsible for paying these taxes.

16.4 Indemnification

To the fullest extent permitted by law, you agree to indemnify, defend and hold harmless us, our affiliates, and our respective shareholders, directors, officers, employees, agents, representatives, successors and assigns (the "Indemnified Parties") from and against, and to reimburse any one or more of the Indemnified Parties for, any and all claims, obligations and damages directly or indirectly arising out of the Store's operation, the business you conduct under this Agreement, or your breach of this Agreement. For purposes of this indemnification, "claims" include all obligations, damages (actual, consequential, punitive or otherwise) and costs that any Indemnified Party reasonably incurs in defending any claim against it, including, without limitation, reasonable accountants', arbitrators', attorneys' and expert witness fees, costs of investigation and proof of facts, court costs, and other expenses of litigation, arbitration or alternative dispute resolution, including travel and living expenses, regardless of whether litigation, arbitration or alternative dispute resolution is commenced.

Each Indemnified Party may defend and control the defense of any claim against it which is subject to this indemnification at your expense, and you may not settle any claim or take any other remedial, corrective or other actions relating to any claim without our consent. Additionally, an Indemnified Party may, at any time, settle any claim against it for which it is entitled to seek indemnity, and you shall reimburse the Indemnified Party for any amount that the Indemnified Party paid under the settlement terms. This indemnity will continue in full force and effect subsequent to and notwithstanding this Agreement's expiration or termination. An Indemnified Party need not seek recovery from an insurer or other third party, or otherwise mitigate its losses and expenses, in order to maintain and recover fully a claim against you. You agree that a failure to pursue a recovery or mitigate a loss will not reduce or alter the amounts that an Indemnified Party may recover from you.

ARTICLE 17
MISCELLANEOUS PROVISIONS; DISPUTE RESOLUTION

17.1 Severability and Substitution of Valid Provisions

Except as expressly provided to the contrary herein, each section, paragraph, term and provision of this Agreement, and any portion thereof, shall be considered severable and if, for any reason, any such portion of this Agreement is held to be invalid, contrary to, or in conflict with any applicable present or future law or regulation in a final, unappealable ruling issued by any court, agency or tribunal with competent jurisdiction in a proceeding to which we are a party, that ruling shall not impair the operation of, or have any other effect upon, such other portions of this Agreement as may remain otherwise intelligible, which shall continue to be given full force and effect and bind the parties hereto, although any portion held to be invalid shall be deemed not to be a part of this Agreement from the date the time for appeal expires, if you are a party thereto; otherwise upon your receipt of written notice of non-enforcement thereof from us. If any covenant herein which restricts competitive activity is deemed enforceable by virtue of its scope in terms of area, business activity prohibited and/or length of time, but would be enforceable by reducing any part or all thereof, you and we agree that same shall be enforced to the fullest extent permissible under the laws and public policies applied in the jurisdiction in which enforcement is sought. If any applicable and binding law or rule of any jurisdiction requires a greater prior notice of the termination of or refusal to enter into a successor franchise agreement than is required hereunder, or the taking of some other action not required hereunder, or if under any applicable and binding law or rule of any jurisdiction, any provision of this Agreement or any specification, standard or operating procedure prescribed by us is invalid or unenforceable, the prior notice and/or other action required by such law or rule shall be substituted for the comparable provisions hereof, and we shall have the right, in our sole discretion, to modify such invalid or enforceable provision, specification, standard or operating procedure to the extent required to be valid and enforceable. Such modification(s) to this Agreement shall be effective only in such jurisdiction, unless we elect to give it greater applicability, and shall be enforced as originally made and entered into in all other jurisdictions. You agree to be bound by any such modification to this Agreement.

17.2 Waiver of Obligations

We and you may by written instrument unilaterally waive or reduce any obligation of or restriction upon the other under this Agreement, effective upon delivery of written notice thereof to the other. Any waiver granted by us shall be without prejudice to any other rights we may have, will be subject to our continuing review and may be revoked, in our sole discretion, at any time and for any reason, effective upon delivery to you of ten (10) days' prior written notice. We and you shall not be deemed to have waived or impaired any right, power or option reserved by this Agreement by virtue of any custom or practice of the parties at variance with the terms hereof; any failure, refusal or neglect of ours or yours to exercise any rights under this Agreement or to insist upon exact compliance by the other with its obligations hereunder; any waiver, forbearance, delay, failure or omission by us to exercise any right, power or option, whether of the same, similar or different nature, with respect to other The Beef Jerky Outlet Stores; or our acceptance of any payments due from you after any breach of this Agreement.

Neither we nor you shall be liable for loss or damage or deemed to be in breach of this Agreement if our or your failure to perform our respective obligations results from: (1) transportation shortages, inadequate supply of equipment, merchandise, supplies, labor, material or energy, or the right to acquire or use any of the foregoing in order to accommodate or comply with the orders, requests, regulations, recommendations or instructions of any federal, state or municipal government or any department or agency thereof; (2) compliance with any law, ruling, order, regulation, requirement or

instruction of any federal, state, or municipal government or any department or agency thereof; (3) acts of God; (4) fires, strikes, embargoes, war or riot; or (5) any other similar event or cause, except where you are found to have deliberately or by gross negligence been the direct or indirect cause of the calamity. Any delay resulting from any of said causes shall extend performance accordingly or excuse performance, in whole or in part, as may be reasonable, except that said causes shall not excuse payments of amounts owed at the time of such occurrence or payment of Royalty Fees, Marketing Fees or other payments due hereunder.

17.3 Injunctive Relief

Notwithstanding anything to the contrary contained in Section 17.6 of this Article, either party may institute in a court of competent jurisdiction an action or actions for temporary or preliminary injunctive relief; provided, however, that such party shall contemporaneously submit the dispute to arbitration on the merits in accordance with Section 17.6 of this Article. You agree that we may have such temporary or preliminary injunctive relief without bond, but upon due notice, and your sole remedy in the event of the entry of such injunctive relief shall be the dissolution of such injunctive relief, if warranted, upon hearing duly had (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby).

17.4 Rights of Parties are Cumulative

Our and your rights hereunder are cumulative and no exercises or enforcement by us or you of any right or remedy hereunder shall preclude the exercise or enforcement by us or you of any other right or remedy hereunder or which we or your are entitled by law to enforce.

17.5 Costs and Legal Fees

If we are required to enforce this Agreement in a judicial or arbitration proceeding, you shall reimburse us for our costs and expenses, including, without limitation, reasonable accountants', attorneys', attorney assistants', and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses, whether incurred prior to, in preparation for or in contemplation of the filing of any such proceeding. If we are required to engage legal counsel in connection with any failure by you to comply with this Agreement, you shall reimburse us for any of the above-listed costs and expenses incurred by us.

17.6 Arbitration

Except to the extent we elect to enforce the provisions of this Agreement by judicial process and injunction in our sole discretion, all disputes, claims and controversies between the parties arising under or in connection with this Agreement or the making, performance or interpretation thereof (including claims of fraud in the inducement and other claims of fraud and the arbitrability of any matter) which have not been settled through negotiation will be settled by binding arbitration in Tennessee under the authority of Tennessee statutes. The arbitrator(s) will have a minimum of five (5) years of experience in franchising or distribution law and will have the right to award specific performance of this Agreement. If the parties cannot agree upon a mutually agreeable arbitrator, then the arbitration shall be conducted as per the selection method set forth in the Tennessee statutes. The proceedings will be conducted under the commercial arbitration rules of the American Arbitration Association, to the extent such rules are not inconsistent with the provisions of this arbitration provision or the Tennessee Statutes. The decision of the arbitrator(s) will be final and binding on all parties. This Section will survive termination or non-renewal of this Agreement under any circumstances. Judgment upon the award of the arbitrator(s) may be entered in any court having jurisdiction thereof. During the pendency of any arbitration proceeding, you and we shall fully perform our respective obligations under this Agreement.

17.7 Governing Law

All matters relating to arbitration shall be governed by the Federal Arbitration Act. Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 et seq.) or other federal law, this Agreement, the Franchise and the relationship of the parties shall be governed by the laws of the State of Tennessee, without regard for its conflicts of laws principles.

17.8 Jurisdiction

With respect to actions described in Section 17.3 above and any other actions not subject to arbitration under Section 17.6 above, you and we agree that any action arising under this Agreement or otherwise as a result of the relationship between you and us must be commenced in a state or federal court of competent jurisdiction in Sevier County, Tennessee. You irrevocably submit to the jurisdiction of such courts and waive any objection you may have to either the jurisdiction or venue of such court.

17.9 Waiver of Punitive Damages

The parties waive to the fullest extent permitted by law any right to or claim for any punitive or exemplary damages, except punitive or exemplary damages allowed under federal statute. The parties agree that, in the event of a dispute between them, the party making a claim shall be limited to recovery of any actual damages it sustains.

17.10 Waiver of Jury Trial

Each party irrevocably waives trial by jury in any action, proceeding or counterclaim, whether at law or in equity, brought by either party.

17.11 You May Not Withhold Payments

You agree that you will not, on grounds of the alleged nonperformance by us of any of our obligations hereunder, withhold payment of any Royalty Fees, Marketing Fees, amounts due to us for purchases by you or any other amounts due to us.

17.12 Binding Effect

This Agreement is binding upon the parties hereto and their respective executors, administrators, heirs, assigns and successors in interest. Subject to our right to modify the Operations Manual, this Agreement shall not be modified except by written agreement signed by you and us.

17.13 Limitations of Claims

Any and all claims, except claims for monies due us, arising out of or relating to this Agreement or the relationship among the parties hereto shall be barred unless an action or legal or arbitration proceeding is commenced within one (1) year from the date you or we knew or should have known of the facts giving rise to such claims.

17.14 Entire Agreement; Construction

The preambles and exhibits are a part of this Agreement, which together with the Manual, constitutes the entire agreement of the parties, and there are no other oral or written understandings or agreements between us and you relating to the subject matter of this Agreement; provided, however, that nothing in this or any related agreement is intended to disclaim the representations made by us in the Disclosure Document that was furnished to you by us. The term "Franchisee" as used herein is applicable to one or more persons, a corporate entity, as the case may be, and the singular usage includes the plural and the masculine and neuter usages include the other and the feminine. If two or more persons are at any

time Franchisee hereunder, their obligations and liabilities to us shall be joint and several. References to “Franchisee” and “transferee” which are applicable to an individual or individuals shall mean the principal owner(s) of the equity or operating control of Franchisee or the transferee, if Franchisee or the transferee is a corporation or partnership. References to “controlling interest” in Franchise shall mean greater than fifty percent (50%) of the equity or voting control of Franchisee. The headings of the several sections and paragraphs hereof are for convenience only and do not define, limit or construe the contents of such sections or paragraphs.

Except where this Agreement expressly obligates us reasonably to approve or not unreasonably to withhold our approval of any action or request by you, we have the absolute right to refuse any request by you or to withhold our approval of any action by you that requires our approval. Nothing in this Agreement is intended, nor shall be deemed, to confer any rights or remedies upon any person or legal entity not a party hereto.

17.15 Withholding Consent

In no event will you make any claim, whether directly, by way of setoff, counter-claim, defense or otherwise, for money damages or otherwise, by reason of any withholding or delaying of any consent or approval by us. Your sole remedy for any such claim is to submit it to arbitration as described in this Agreement and for the arbitrator to order us to grant such consent.

17.16 Step-In Rights – Cause for Step-In

If we determine in our sole judgment that the operation of your Store is in jeopardy, or if a default occurs, then in order to prevent an interruption of the Store which would cause harm to the System and thereby lessen its value, you authorize us to operate your Store for as long as we deem necessary and practical, and without waiver of any other rights or remedies which we may have under this Agreement. In our sole judgment, we may deem you incapable of operating the Store if, without limitation, you are absent or incapacitated by reason of illness or death; you have failed to pay when due or have failed to remove any and all liens or encumbrances of every kind placed upon or against your Store; or we determine that operational problems require that we operate your Store for a period of time that we determine, in our sole discretion, to be necessary to maintain the operation of the Store as a going concern.

17.17 Step-In Rights – Duties of Parties

We shall keep in a separate account all monies generated by the operation of your Store, less the expenses of the Store, including reasonable compensation and expenses for our representatives. In the event of our exercise of the Step-In Rights, you agree to hold harmless us and our representatives for all actions occurring during the course of such temporary operation. You agree to pay all of our reasonable attorneys’ fees and costs incurred as a consequence of our exercise of the Step-In Rights. Nothing contained herein shall prevent us from exercising any other right which we may have under this Agreement, including, without limitation, termination.

ARTICLE 18 **NOTICES AND PAYMENTS**

All written notices, reports and payments permitted or required to be delivered by the provisions of this Agreement or the Operations Manual will be deemed so delivered:

- (a) at the time delivered by hand with confirmation receipt;

(b) respect to the Royalty Fees and other amounts due, at the time we actually debit your account (if we use an automatic debit program for the Store);

(c) with respect to materials that we post on our intranet or similar electronic site for franchisees, at the time such materials are first accessible at the site; or

(d) one (1) business day after being placed in the hands of a commercial courier service for next business day delivery and must be addressed to the party to be notified at its most current principal business address of which the notifying party has notice. Any required payment or report which we do not actually receive during regular business hours on the date due (or postmarked by postal authorities at least two (2) days before then) will be deemed delinquent.

Except as otherwise provided in this Agreement, any notice, demand or communication provided for herein shall be in writing, and signed by the party giving the same. Addresses for notification are:

Us: The Beef Jerky Outlet Franchise, Inc.
P.O. Box 575
Seymour, Tennessee 37865
Attention: President
Fax: (866) 876-3626

With a copy to: Harold L. Kestenbaum, Esq.
Gordon & Rees, LLP
90 Merrick Ave. – Suite 601
East Meadow, NY 11554
Fax: (516) 745-0293

You: _____

Either party may change its address for notice purposes by giving the other party written notice, as herein provided, of such change.

ARTICLE 19
SECURITY INTERESTS

19.1 Collateral

You grant to us a security interest (“Security Interest”) in all of the furniture, fixtures, equipment, signage, and realty (including your interests under all real property and personal property leases) of the Store, together with all similar property now owned or hereafter acquired, additions, substitutions, replacements, proceeds, and products thereof, wherever located, used in connection with the Store. All items in which a security interest is granted are referred to as the “Collateral”.

19.2 Indebtedness Secured

The Security Interest is to secure payment of the following (the “Indebtedness”):

19.2.1 All amounts due under this Agreement or otherwise by you;

19.2.2 All sums which we may, at our option, expend or advance for the maintenance, preservation, and protection of the Collateral, including, without limitation, payment of rent, taxes, levies, assessments, insurance premiums, and discharge of liens, together with interest, or any other property given as security for payment of the Indebtedness;

19.2.3 All expenses, including reasonable attorneys' fees, which we incur in connection with collecting any or all Indebtedness secured hereby or in enforcing or protecting our rights under the Security Interest and this Agreement; and

19.2.4 All other present or future, direct or indirect, absolute or contingent, liabilities, obligations, and indebtedness of you to us or third parties under this Agreement, however created, and specifically including all or part of any renewal or extension of this Agreement, whether or not you execute any extension agreement or renewal instruments.

19.2.5 Our security interest, as described herein, shall be subordinated to any financing related to your operation of the Store, including, but not limited to, a real property mortgage and equipment leases.

19.3 Additional Documents

You will from time to time as required by us join with us in executing any additional documents and one or more financing statements pursuant to the Uniform Commercial Code (and any assignments, extensions, or modifications thereof) in form satisfactory to us.

19.4 Possession of Collateral

Upon default and termination of your rights under this Agreement, we shall have the immediate right to possession and use of the Collateral.

19.5 Our Remedies in Event of Default

You agree that, upon the occurrence of any default set forth above, the full amount remaining unpaid on the Indebtedness secured shall, at our option and without notice, become due and payable immediately, and we shall then have the rights, options, duties, and remedies of a secured party under, and you shall have the rights and duties of a debtor under, the Uniform Commercial Code of Tennessee (or other applicable law), including, without limitation, our right to take possession of the Collateral and without legal process to enter any premises where the Collateral may be found. Any sale of the Collateral may be conducted by us in a commercially reasonable manner. Reasonable notification of the time and place of any sale shall be satisfied by mailing to you pursuant to the notice provisions set forth above.

19.6 Special Filing as Financing Statement

This Agreement shall be deemed a Security Agreement and a Financing Statement. This Agreement may be filed for record in the real estate records of each county in which the Collateral, or any part thereof, is situated and may also be filed as a Financing Statement in the counties or in the office of the Secretary of State, as appropriate, in respect of those items of Collateral of a kind or character defined in or subject to the applicable provisions of the Uniform Commercial Code as in effect in the appropriate jurisdiction.

ARTICLE 20
ACKNOWLEDGMENTS

To induce us to sign this Agreement and grant you the Franchise, you acknowledge:

(a) That you have independently investigated The Beef Jerky Outlet Store franchise opportunity and recognize that, like any other business, the nature of The Beef Jerky Outlet Store may, and probably will, evolve and change over time.

(b) That an investment in The Beef Jerky Outlet Store involves business risks.

(c) That your business abilities and efforts are vital to your success.

(d) That retaining customers for I Beef Jerky Outlet Store will require a high level of customer service and strict adherence to the System and the System Standards and that you are committed to maintaining the System Standards.

(e) That, except as set forth in our Disclosure Document, you have not received or relied upon, and we expressly disclaim making, any representation, warranty or guaranty, express or implied, as to the revenues, profits or success of the Store.

(f) That the persons signing this Agreement are all persons who have any ownership interest with respect to the Operating Assets, the Store or any of the Store's profits or losses.

(g) That any information you have acquired from other The Beef Jerky Outlet franchisees regarding their sales, profits or cash flows is not information obtained from us, and we make no representation about that information's accuracy.

(h) That you have no knowledge of any representations made about The Beef Jerky Outlet Store franchise opportunity by us, our subsidiaries or affiliates or any of our respective officers, directors, shareholders or agents that are contrary to the statements made in our Disclosure Document or to the terms and conditions of this Agreement.

(i) That in all of their dealings with you, our officers, directors, employees and agents act only in a representative, and not in an individual, capacity and that business dealings between you and them as a result of this Agreement are only between you and us.

(j) That you have represented to us, to induce us to enter into this Agreement, that all statements you have made and all materials you have given us in acquiring the Franchise are accurate and complete and that you have made no misrepresentations or material omissions in obtaining the Franchise.

(k) That you have read this Agreement and our Disclosure Document and understand and accept that the terms and covenants in this Agreement are reasonably necessary for us to maintain our high standards of quality and service, as well as the uniformity of those standards at each The Beef Jerky Outlet Store, and to protect and preserve the goodwill of the Marks.

(l) That you have received the disclosure document required by the Trade Regulation Rule of the Federal Trade Commission at least fourteen (14) calendar days prior to the date on which this Agreement was executed or any payment was made to us or our affiliates.

IN WITNESS WHEREOF, the parties have executed and delivered this Agreement effective on the date stated on the first page above.

FRANCHISEE:

By: _____

Name: _____

Title: _____

By: _____

Name: _____

Title: _____

By: _____

Name: _____

Title: _____

By: _____

Name: _____

Title: _____

FRANCHISOR:

THE BEEF JERKY OUTLET FRANCHISE, INC.

A Tennessee corporation

By: _____

Name: _____

Title: _____

EXHIBIT A TO THE FRANCHISE AGREEMENT
OWNERS

1. Owners. List the full name and mailing address of each person or entity who directly or indirectly owns an equity or voting interest in the Franchisee, and describe the nature of the interest.

Name: _____ Number of Ownership Interests Owned: _____
 Address: _____ % of Total Ownership Interests: _____
 _____ Other Interest (Describe): _____

Name: _____ Number of Ownership Interests Owned: _____
 Address: _____ % of Total Ownership Interests: _____
 _____ Other Interest (Describe): _____

Name: _____ Number of Ownership Interests Owned: _____
 Address: _____ % of Total Ownership Interests: _____
 _____ Other Interest (Describe): _____

Name: _____ Number of Ownership Interests Owned: _____
 Address: _____ % of Total Ownership Interests: _____
 _____ Other Interest (Describe): _____

As used in this Agreement, a “Principal Owner” is an Owner who holds twenty-five percent (25%) or more of the ownership interests of Franchisee.

2. Ownership Structure and Initial Capitalization. You and your Owners represent and warrant that the ownership structure of Franchisee is as follows:

	OWNERSHIP STRUCTURE	
Owner	Number of Ownership Interests	Percentage Ownership

As of the date hereof there are _____ (_____) Ownership Interests authorized and there are _____ (_____) Ownership Interests which are issued and outstanding. There are no other authorized classes of shares.

EXHIBIT B TO THE FRANCHISE AGREEMENT
SITE AND DESIGNATED TERRITORY

1. The Site of the Store will be located at:

2. The Designated Territory shall be:

FRANCHISEE:

By: _____

Name: _____

Title: _____

FRANCHISOR:

THE BEEF JERKY OUTLET FRANCHISE, INC.
A Tennessee corporation

By: _____

Name: _____

Title: _____

EXHIBIT C TO THE FRANCHISE AGREEMENT
GUARANTY AND ASSUMPTION OF OBLIGATIONS

THIS GUARANTY AND ASSUMPTION OF OBLIGATIONS is given this ___ day of _____, 20___, by _____. In consideration of, and as an inducement to, the execution of that certain Franchise Agreement of even date herewith (the "Agreement") by The Beef Jerky Outlet Franchise, Inc. ("the Franchisor"), each of the undersigned hereby personally and unconditionally (a) guarantees to the Franchisor, and its successors and assigns, for the term of the Agreement and thereafter as provided in the Agreement, that _____ ("Franchisee") shall punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement; and (b) agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Agreement, both monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities, including without limitation the provisions of Article 7 and Section 15.4.

Each of the undersigned consents and agrees that: (1) his/her direct and immediate liability under this guaranty shall be joint and several; (2) he/she shall render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so; (3) such liability shall not be contingent or conditioned upon pursuit by the Franchisor of any remedies against Franchisee or any other person; and (4) such liability shall not be diminished, relieved or otherwise affected by an extension of time, credit or other indulgence which the Franchisor may from time to time grant to Franchisee or to any other person, including without limitation, the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which shall in any way modify or amend this guaranty, which shall be continuing and irrevocable during the term of the Agreement.

Each of the undersigned waives all rights to payments and claims for reimbursement or subrogation which any of the undersigned may have against Franchisor arising as a result of the undersigned's execution of and performance under this guaranty.

If the Franchisor is required to enforce this guaranty in a judicial or arbitration proceeding, and prevails in such proceeding, it shall be entitled to reimbursement of its costs and expenses, including, but not limited to, reasonable accountants', attorneys', attorneys' assistants', arbitrators' and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses, whether incurred prior to, in preparation for or in contemplation of the filing of any such proceeding. If the Franchisor is required to engage legal counsel in connection with any failure by the undersigned to comply with this guaranty, the undersigned shall reimburse the Franchisor for any of the above-listed costs and expenses incurred by it.

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

GUARANTOR(S):

EXHIBIT D TO THE FRANCHISE AGREEMENT
INTERNET WEB SITES AND LISTINGS AGREEMENT

THIS INTERNET WEB SITES AND LISTINGS AGREEMENT (the "Internet Listing Agreement") is made and entered into as of the ____ day of _____, 20__ (the "Effective Date"), by and between The Beef Jerky Outlet Franchise, Inc., a Tennessee corporation (the "Franchisor"), and _____, a _____ (the "Franchisee").

WITNESSETH:

WHEREAS, Franchisee desires to enter into a Franchise Agreement with Franchisor for The Beef Jerky Outlet Store (the "Franchise Agreement"); and

WHEREAS, Franchisor would not enter into the Franchise Agreement without Franchisee's agreement to enter into, comply with, and be bound by all the terms and provisions of this Internet Listing Agreement;

NOW, THEREFORE, for and in consideration of the foregoing and the mutual promises and covenants contained herein, and in further consideration of the Franchise Agreement and the mutual promises and covenants contained therein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. **DEFINITIONS**

All terms used but not otherwise defined in this Internet Listing Agreement shall have the meanings set forth in the Franchise Agreement. "Termination" of the Franchise Agreement shall include, but shall not be limited to, the voluntary termination, involuntary termination, or natural expiration thereof.

2. **TRANSFER; APPOINTMENT**

2.1 **Interest in Internet Web Sites and Listings.** Franchisee may acquire (whether in accordance with or in violation of the Franchise Agreement) during the term of the Franchise Agreement, certain right, title, and interest in and to certain domain names, hypertext markup language, uniform resource locator addresses, and access to corresponding Internet web sites, and the right to hyperlink to certain web sites and listings on various Internet search engines (collectively, the "Internet Web Sites and Listings") related to the Store or the Marks (all of which right, title, and interest is referred to herein as "Franchisee's Interest").

2.2 **Transfer.** On Termination of the Franchise Agreement, or on periodic request of Franchisor, Franchisee will immediately direct all Internet Service Providers, domain name registries, Internet search engines, and other listing agencies (collectively, the "Internet Companies") with which Franchisee has Internet Web Sites and Listings: (i) to transfer all of Franchisee's Interest in such Internet Web Sites and Listings to Franchisor; and (ii) to execute such documents and take such actions as may be necessary to effectuate such transfer. In the event Franchisor does not desire to accept any or all such Internet Web Sites and Listings, Franchisee will immediately direct the Internet Companies to terminate such Internet Web Sites and Listings or will take such other actions with respect to the Internet Web Sites and Listings as Franchisor directs.

2.3 **Appointment; Power of Attorney.** Franchisee hereby constitutes and appoints Franchisor and any officer or agent of Franchisor, for Franchisor's benefit under the Franchise Agreement and this

Internet Listing Agreement or otherwise, with full power of substitution, as Franchisee's true and lawful attorney-in-fact with full power and authority in Franchisee's place and stead, and in Franchisee's name or the name of any affiliated person or affiliated company of Franchisee, to take any and all appropriate action and to execute and deliver any and all documents that may be necessary or desirable to accomplish the purposes of this Internet Listing Agreement. Franchisee further agrees that this appointment constitutes a power coupled with an interest and is irrevocable until Franchisee has satisfied all of its obligations under the Franchise Agreement and any and all other agreements to which Franchisee and any of its affiliates on the one hand, and Franchisor and any of its affiliates on the other, are parties, including without limitation this Internet Listing Agreement. Without limiting the generality of the foregoing, Franchisee hereby grants to Franchisor the power and right to do the following:

2.3.1 Direct the Internet Companies to transfer all Franchisee's Interest in and to the Internet Web Sites and Listings to Franchisor;

2.3.2 Direct the Internet Companies to terminate any or all of the Internet Web Sites and Listings; and

2.3.3 Execute the Internet Companies' standard assignment forms or other documents in order to affect such transfer or termination of Franchisee's Interest.

2.4 Certification of Termination. Franchisee hereby directs the Internet Companies to accept, as conclusive proof of Termination of the Franchise Agreement, Franchisor's written statement, signed by an officer or agent of Franchisor, that the Franchise Agreement has terminated.

2.5 Cessation of Obligations. After the Internet Companies have duly transferred all Franchisee's Interest in such Internet Web Sites and Listings to Franchisor, as between Franchisee and Franchisor, Franchisee will have no further interest in, or obligations under, such Internet Web Sites and Listings. Notwithstanding the foregoing, Franchisee will remain liable to each and all of the Internet Companies for the sums Franchisee is obligated to pay such Internet Companies for obligations Franchisee incurred before the date Franchisor duly accepted the transfer of such Interest, or for any other obligations not subject to the Franchise Agreement or this Internet Listing Agreement.

3. MISCELLANEOUS

3.1 Release. Franchisee hereby releases, remises, acquits, and forever discharges each and all of the Internet Companies and each and all of their parent corporations, subsidiaries, affiliates, directors, officers, stockholders, employees, and agents, and the successors and assigns of any of them, from any and all rights, demands, claims, damage, losses, costs, expenses, actions, and causes of action whatsoever, whether in tort or in contract, at law or in equity, known or unknown, contingent or fixed, suspected or unsuspected, arising out of, asserted in, assertable in, or in any way related to this Internet Listing Agreement.

3.2 Indemnification. Franchisee is solely responsible for all costs and expenses related to its performance, its nonperformance, and Franchisor's enforcement of this Agreement, which costs and expenses Franchisee will pay Franchisor in full, without defense or setoff, on demand. Franchisee agrees that it will indemnify, defend, and hold harmless Franchisor and its affiliates, and its and their directors, officers, shareholders, partners, members, employees, agents, and attorneys, and the successors and assigns of any and all of them, from and against, and will reimburse Franchisor and any and all of them for, any and all loss, losses, damage, damages, claims, debts, claims, demands, or obligations that are related to or are based on this Internet Listing Agreement.

3.3 No Duty. The powers conferred on Franchisor hereunder are solely to protect Franchisor's interests and shall not impose any duty on Franchisor to exercise any such powers. Franchisee expressly agrees that in no event shall Franchisor be obligated to accept the transfer of any or all of Franchisee's Interest in any or all such Internet Web Sites and Listings.

3.4 Further Assurances. Franchisee agrees that at any time after the date of this Internet Listing Agreement, Franchisee will perform such acts and execute and deliver such documents as may be necessary to assist in or accomplish the purposes of this Internet Listing Agreement.

3.5 Successors, Assigns, and Affiliates. All Franchisor's rights and powers, and all Franchisee's obligations, under this Internet Listing Agreement shall be binding on Franchisee's successors, assigns, and affiliated persons or entities as if they had duly executed this Internet Listing Agreement.

3.6 Effect on Other Agreements. Except as otherwise provided in this Internet Listing Agreement, all provisions of the Franchise Agreement and exhibits and schedules thereto shall remain in effect as set forth therein.

3.7 Survival. This Internet Listing Agreement shall survive the Termination of the Franchise Agreement.

3.8 Joint and Several Obligations. All Franchisee's obligations under this Internet Listing Agreement shall be joint and several.

3.9 Governing Law. This Internet Listing Agreement shall be governed by and construed under the laws of the State of Tennessee, without regard to the application of Tennessee conflict of law rules.

IN WITNESS WHEREOF, the undersigned have executed or caused their duly authorized representatives to execute this Agreement as of the Effective Date.

THE BEEF JERKY OUTLET FRANCHISE, INC.: FRANCHISEE:

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

TELEPHONE LISTING AGREEMENT

THIS TELEPHONE LISTING AGREEMENT (the "Telephone Listing Agreement") is made and entered into as of the ____ day of _____, 20__ (the "Effective Date"), by and between The Beef Jerky Outlet Franchise, Inc., a Tennessee corporation (the "Franchisor"), and _____, a _____ (the "Franchisee").

WITNESSETH:

WHEREAS, Franchisee desires to enter into a Franchise Agreement with Franchisor for The Beef Jerky Outlet Store (the "Franchise Agreement"); and

WHEREAS, Franchisor would not enter into the Franchise Agreement without Franchisee's agreement to enter into, comply with, and be bound by all the terms and provisions of this Telephone Listing Agreement;

NOW, THEREFORE, for and in consideration of the foregoing and the mutual promises and covenants contained herein, and in further consideration of the Franchise Agreement and the mutual promises and covenants contained therein, and for other good and valuable consideration, the receipt and sufficiency of all of which are hereby acknowledged, the parties hereto agree as follows:

1. DEFINITIONS

All terms used but not otherwise defined in this Telephone Listing Agreement shall have the meanings set forth in the Franchise Agreement. "Termination" of the Franchise Agreement shall include, but shall not be limited to, the voluntary termination, involuntary termination, or natural expiration thereof.

2. TRANSFER; APPOINTMENT

2.1 Interest in Telephone Numbers and Listings. Franchisee has, or will acquire during the term of the Franchise Agreement, certain right, title, and interest in and to those certain telephone numbers and regular, classified, yellow-page, and other telephone directory listings (collectively, the "Telephone Numbers and Listings") related to the Store or the Marks (all of which right, title, and interest is referred to herein as "Franchisee's Interest").

2.2 Transfer. On Termination of the Franchise Agreement, if Franchisor directs Franchisee to do so, Franchisee will immediately direct all telephone companies, telephone directory publishers, and telephone directory listing agencies (collectively, the "Telephone Companies") with which Franchisee has Telephone Numbers and Listings: (i) to transfer all Franchisee's Interest in such Telephone Numbers and Listings to Franchisor; and (ii) to execute such documents and take such actions as may be necessary to effectuate such transfer. In the event Franchisor does not desire to accept any or all such Telephone Numbers and Listings, Franchisee will immediately direct the Telephone Companies to terminate such Telephone Numbers and Listings or will take such other actions with respect to the Telephone Numbers and Listings as Franchisor directs.

2.3 Appointment; Power of Attorney. Franchisee hereby constitutes and appoints Franchisor and any officer or agent of Franchisor, for Franchisor's benefit under the Franchise Agreement and this Telephone Listing Agreement or otherwise, with full power of substitution, as Franchisee's true and lawful attorney-in-fact with full power and authority in Franchisee's place and stead, and in Franchisee's name or the name of any affiliated person or affiliated company of Franchisee, on Termination of the

Franchise Agreement, to take any and all appropriate action and to execute and deliver any and all documents that may be necessary or desirable to accomplish the purposes of this Telephone Listing Agreement. Franchisee further agrees that this appointment constitutes a power coupled with an interest and is irrevocable until Franchisee has satisfied all of its obligations under the Franchise Agreement and any and all other agreements to which Franchisee and any of its affiliates on the one hand, and Franchisor and any of its affiliates on the other, are parties, including, without limitation, this Telephone Listing Agreement. Without limiting the generality of the foregoing, Franchisee hereby grants to Franchisor the power and right to do the following:

2.3.1 Direct the Telephone Companies to transfer all Franchisee's Interest in and to the Telephone Numbers and Listings to Franchisor;

2.3.2 Direct the Telephone Companies to terminate any or all of the Telephone Numbers and Listings; and

2.3.3 Execute the Telephone Companies' standard assignment forms or other documents in order to affect such transfer or termination of Franchisee's Interest.

2.4 Certification of Termination. Franchisee hereby directs the Telephone Companies that they shall accept, as conclusive proof of Termination of the Franchise Agreement, Franchisor's written statement, signed by an officer or agent of Franchisor, that the Franchise Agreement has terminated.

2.5 Cessation of Obligations. After the Telephone Companies have duly transferred all Franchisee's Interest in such Telephone Numbers and Listings to Franchisor, as between Franchisee and Franchisor, Franchisee will have no further Interest in, or obligations under, such Telephone Numbers and Listings. Notwithstanding the foregoing, Franchisee will remain liable to each and all of the Telephone Companies for the sums Franchisee is obligated to pay such Telephone Companies for obligations Franchisee incurred before the date Franchisor duly accepted the transfer of such Interest, or for any other obligations not subject to the Franchise Agreement or this Telephone Listing Agreement.

3. MISCELLANEOUS

3.1 Release. Franchisee hereby releases, remises, acquits, and forever discharges each and all of the Telephone Companies and each and all of their parent corporations, subsidiaries, affiliates, directors, officers, stockholders, employees, and agents, and the successors and assigns of any of them, from any and all rights, demands, claims, damage, losses, costs, expenses, actions, and causes of action whatsoever, whether in tort or in contract, at law or in equity, known or unknown, contingent or fixed, suspected or unsuspected, arising out of, asserted in, assertable in, or in any way related to this Telephone Listing Agreement.

3.2 Indemnification. Franchisee is solely responsible for all costs and expenses related to Franchisee's performance, Franchisee's nonperformance, and Franchisor's enforcement of this Agreement, which costs and expenses Franchisee will pay Franchisor in full, without defense or setoff, on demand. Franchisee agrees that it will indemnify, defend, and hold harmless Franchisor and its affiliates, and the directors, officers, shareholders, partners, members, employees, agents, and attorneys of Franchisor and its affiliates, and the successors and assigns of any and all of them, from and against, and will reimburse Franchisor and any and all of them for, any and all loss, losses, damage, damages, claims, debts, claims, demands, or obligations that are related to or are based on this Telephone Listing Agreement.

3.3 No Duty. The powers conferred on Franchisor under this Telephone Listing Agreement are solely to protect Franchisor's interests and shall not impose any duty on Franchisor to exercise any such powers. Franchisee expressly agrees that in no event shall Franchisor be obligated to accept the transfer of any or all of Franchisee's Interest in any or all such Telephone Numbers and Listings.

3.4 Further Assurances. Franchisee agrees that at any time after the date hereof, it will perform such acts and execute and deliver such documents as may be necessary to assist in or accomplish the purposes of this Telephone Listing Agreement.

3.5 Successors, Assigns, and Affiliates. All Franchisor's rights and powers, and all Franchisee's obligations, under this Telephone Listing Agreement shall be binding on Franchisee's successors, assigns, and affiliated persons or entities as if they had duly executed this Telephone Listing Agreement.

3.6 Effect on Other Agreements. Except as otherwise provided in this Telephone Listing Agreement, all provisions of the Franchise Agreement and exhibits and schedules thereto shall remain in effect as set forth therein.

3.7 Survival. This Telephone Listing Agreement shall survive the Termination of the Franchise Agreement.

3.8 Joint and Several Obligations. All Franchisee's obligations under this Telephone Listing Agreement shall be joint and several.

3.9 Governing Law. This Telephone Listing Agreement shall be governed by and construed under the laws of the State of Tennessee, without regard to the application of Tennessee conflict of law rules.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Telephone Listing Agreement as of the Effective Date.

THE BEEF JERKY OUTLET FRANCHISE, INC.: FRANCHISEE:

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

EXHIBIT E TO THE FRANCHISE AGREEMENT
MULTI-STATE ADDENDUM

CALIFORNIA APPENDIX

1. California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning termination or non-renewal of a franchise. If the Franchise Agreement or Multi-Unit Operator Agreement contains provisions that are inconsistent with the law, the law will control.
2. The Franchise Agreement and Multi-Unit Operator Agreement provide for termination upon bankruptcy. This provision may not be enforceable under Federal Bankruptcy Law (11 U.S.C.A. Sec. 101 et seq.).
3. The Franchise Agreement and Multi-Unit Operator Agreement contain covenants not to compete which extend beyond the termination of the agreements. These provisions may not be enforceable under California law.
4. Section 31125 of the California Corporation Code requires the franchisor to provide you with a disclosure document before asking you to agree to a material modification of an existing franchise.
5. Neither the franchisor, any person or franchise broker in Item 2 of the Disclosure Document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 79a et seq., suspending or expelling such persons from membership in such association or exchange.
6. The Franchise Agreement and Multi-Unit Operator Agreement require binding arbitration. The arbitration will occur at Tennessee with the costs being borne equally by the parties. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.
7. The Franchise Agreement and Multi-Unit Operator Agreement require application of the laws of Tennessee. This provision may not be enforceable under California law.
8. You must sign a general release if you renew or transfer your franchise. California Corporation Code 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code 31000 through 31516). Business and Professions Code 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code 20000 through 20043).
9. **THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT.**
10. The Franchise Agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

11. OUR WEBSITE, www.thebeefjerkyoutlet.com, HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT at www.dbo.ca.gov.

ADDENDUM REQUIRED BY THE STATE OF ILLINOIS

1. The following item must be included within the Disclosure Document and shall replace the language that is in the Disclosure Document itself:

Section 4, Jurisdiction and Venue, of the Illinois Franchise Disclosure Act of 1987 (“Act”) states that “any provision in the franchise agreement which designates jurisdiction or venue in a forum outside of this State is void with respect to any cause of action which otherwise is enforceable in this State, provided that a franchise agreement may provide for arbitration in a forum outside of this State.” This Section of the Act replaces any contradictory language contained in the Franchise Agreement and Multi-Unit Operator Agreement.

2. Illinois law governs the Franchise Agreement and Multi-Unit Operator Agreement.

3. Any releases and/or waivers that we request you to sign must conform with Section 41, Waivers Void, of the Illinois Franchise Disclosure Act of 1987 which states that “any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act or any other law of this State is void. This Section shall not prevent any person from entering into a settlement agreement or executing a general release regarding potential or actual lawsuit filed under any of the provisions of this Act, nor shall it prevent the arbitration of any claim pursuant to the provisions of Title 9 of the United States Code.”

4. Under Illinois law at 200.608, Jurisdiction and Venue, a franchise agreement may not provide for a choice of law of any state other than Illinois. The Summary column of Items 17(v) and (w) of the Disclosure Document are amended to state “Illinois law”. The appropriate sections of the Franchise Agreement and Multi-Unit Operator Agreement are amended accordingly.

5. Article 17 of the Franchise Agreement and Section 19 of the Multi-Unit Operator Agreement are amended to comply with Section 27, Periods of Limitation, of the Act to allow any and all claims and actions arising out of or relating to these Agreements, the relationship of Franchisor and Franchisee and/or Multi-Unit Operator, or your operation of the Franchise brought by you against us shall be commenced within 3 years from the occurrence of the facts giving rise to such claim or action, within 1 year after you become aware of the facts or circumstances indicating you may have a claim for relief, or 90 days after delivery to you of a written notice disclosing the violation, or such claim or action will be barred.

6. Item 17(g) of the Disclosure Document, Article 14 of the Franchise Agreement and Section 9 of the Multi-Unit Operator Agreement are amended by changing the time frame to cure defaults, excluding defaults for safety or security issues, to 30 days.

ADDENDUM REQUIRED BY THE STATE OF INDIANA

1. To be added to Item 3 of the Disclosure Document, is the following statement:

There are presently no arbitration proceedings to which the Franchisor is a party.

2. Item 17 of the Disclosure Document is amended to reflect the requirement under Indiana Code 23-2-2.7-1 (9), which states that any post term non-compete covenant must not extend beyond the franchisee's exclusive territory.

3. Item 17 is amended to state that this is subject to Indiana Code 23-2-2.7-1 (10).

4. Under Indiana Code 23-2-2.7-1 (10), jurisdiction and venue must be in Indiana if the franchisee so requests. This amends Article 17 of the Franchise Agreement and Section 19 of the Multi-Unit Operator Agreement.

5. Under Indiana Code 23-2-2.7-1 (10), franchisee may not agree to waive any claims or rights.

ADDENDUM REQUIRED BY THE STATE OF MARYLAND

This will serve as the State Addendum for the State of Maryland for The Beef Jerky Outlet Franchise, Inc.'s Franchise Disclosure Document and for its Franchise and Multi-Unit Operator Agreements. The amendments to the Franchise and Multi-Unit Operator Agreements included in this addendum have been agreed to by the parties.

1. Item 17 of the Disclosure Document is amended to state that the general release required as a condition of renewal, sale and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

2. Item 17 of the Disclosure Document is amended to state that a franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

3. Item 17 of the Disclosure Document is amended to state that any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the franchise.

4. Item 17 of the Disclosure Document is amended to state that the provisions in the Franchise Agreement and Multi-Unit Operator Agreement which provide for termination upon bankruptcy of the franchisee/multi-unit operator may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).

5. The appropriate sections of the Franchise Agreement and Multi-Unit Operator Agreement are amended to permit a franchisee to bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

6. The appropriate sections of the Franchise Agreement and Multi-Unit Operator Agreement are amended to state that any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the franchise.

7. The appropriate sections of the Franchise Agreement and Multi-Unit Operator Agreement are amended to state that the general release required as a condition of renewal, sale and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

8. The Franchise Agreement, Multi-Unit Operator Agreement and Franchisee Disclosure Acknowledgment Statement are amended to include the following statement: "All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law."

DISCLOSURE REQUIRED BY THE STATE OF MICHIGAN

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

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

(g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:

(i) Failure of the proposed transferee to meet the franchisor's then-current reasonable qualifications or standards.

(ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.

(iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

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

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

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

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

If the franchisor's most recent financial statements are unaudited and show a net worth of less than \$100,000, franchisee has the right to request an escrow arrangement.

Any questions regarding this notice should be directed to:

Consumer Protection Division
Attn: Marilyn McEwen
525 W. Ottawa Street, 6th Floor
Lansing, Michigan 48933
(517) 373-7117

ADDENDUM REQUIRED BY THE STATE OF MINNESOTA

This addendum to the Disclosure Document is agreed to this ___ day of _____, 20___, and effectively amends and revises said Disclosure Document and Franchise Agreement and Multi-Unit Operator Agreement as follows:

1. Item 13 of the Disclosure Document and Article 5 of the Franchise Agreement are amended by the addition of the following language to the original language that appears therein:

“In accordance with applicable requirements of Minnesota law, Franchisor shall protect Franchisee’s right to use the trademarks, service marks, trade names, logotypes or other commercial symbols and/or shall indemnify Franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding such use.”

2. Item 17 of the Disclosure Document and Articles 12 and 14 of the Franchise Agreement are amended by the addition of the following language to the original language that appears therein:

“With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes Sec. 80C.14, Subds.3, 4 and 5, which require (except in certain specified cases) that a franchisee be given 90 days’ notice of termination (with 60 days to cure) and 180 days’ notice for non-renewal of the franchise agreement and that consent to the transfer of the franchise will not be unreasonably withheld.”

3. Item 17 of the Disclosure Document, Article 17 of the Franchise Agreement and Section 19 of the Multi-Unit Operator Agreement are amended by the addition of the following language to amend the Governing Law, Jurisdiction and Venue, and Choice of Forum sections:

“Minn. Stat. Sec. 80C.21 and Rule 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreements can abrogate or reduce any of the franchisee’s rights as provided for in Minnesota Statutes, Chapter 80C, or franchisee’s rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.”

4. Item 17 of the Disclosure Document, Articles 12 and 13 of the Franchise Agreement and Section 11 of the Multi-Unit Operator Agreement are amended by the addition of the following language to the original language that appears therein:

“Minn. Rule 2860.4400D prohibits us from requiring you to assent to a general release.”

5. Any reference to liquidated damages in the Franchise Agreement is hereby deleted in accordance with Minn. Rule 2860.4400J which prohibits requiring you to consent to liquidated damages.

6. Article 17 of the Franchise Agreement and Section 19 of the Multi-Unit Operator Agreement hereby amended to comply with Minn. Rule 2860.4400J which prohibits waiver of a jury trial.

7. Article 17 of the Franchise Agreement and Section 19 of the Multi-Unit Operator Agreement regarding Limitations of Claims is hereby amended to comply with Minn. Stat. §80C.17, Subd. 5.

8. Item 6, Insufficient Fund Fees: NSF fees are governed by Minnesota Statute 604.113; which puts a cap of \$30 on a NSF check. This applies to everyone in Minnesota who accepts checks except banks.

9. Under Minn. Rule 2860.440J, the franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. A court will determine if a bond is required.

The appropriate sections of the Franchise Agreement and Multi-Unit Operator Agreement are hereby amended accordingly.

ADDENDUM REQUIRED BY THE DEPARTMENT OF LAW OF THE STATE OF NEW YORK

The following Items are required to be included within the Disclosure Document and shall be deemed to supersede the language in the Disclosure Document itself:

3. LITIGATION

Neither the Franchisor, its Predecessor nor any person listed under Item 2 or an affiliate offering franchises under Franchisor's principal trademark:

- (A) has an administrative, criminal or civil action pending against that person alleging: a felony; a violation of a franchise, antitrust or securities law; fraud; embezzlement; fraudulent conversion; misappropriation of property; unfair or deceptive practices; or comparable civil or misdemeanor allegations.
- (B) has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the ten year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise; anti-fraud or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; unfair or deceptive practices; or comparable allegations.
- (C) is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

4. BANKRUPTCY

Neither the Franchisor, its affiliate, its predecessor, officers, or general partner during the ten year period immediately before the date of the disclosure document: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code (or any comparable foreign law); (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within one year after the officer or general partner of the Franchisor held this position in the company or partnership.

ADDENDUM REQUIRED BY THE STATE OF NORTH DAKOTA

This addendum to the Disclosure Document, Franchise Agreement and Multi-Unit Operator Agreement effectively amends and revises said documents as follows:

1. Item 17(c) of the Disclosure Document, Articles 12 and 13 of the Franchise Agreement and Section 11 of the Multi-Unit Operator Agreement are hereby amended to indicate that a franchisee shall not be required to sign a general release.

2. Covenants not to compete are generally considered unenforceable in the State of North Dakota, in accordance with Section 51-19-09 of the North Dakota Franchise Investment Law. Item 17I of the Disclosure Document, Article 15 of the Franchise Agreement and Section 12 of the Multi-Unit Operator Agreement are amended accordingly.

3. Item 6 and Item 17(i) of the Disclosure Document and Article 15 of the Franchise Agreement requires the franchisee to consent to termination or liquidated damages. Since the Commissioner has determined this to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law, these provisions are hereby deleted in each place they appear in the Disclosure Document and Franchise Agreement used in North Dakota.

4. Item 17(u) of the Disclosure Document, Article 17 of the Franchise Agreement and Section 19 of the Multi-Unit Operator Agreement are amended to provide that arbitration shall be held at a site that is agreeable to all parties.

5. Item 17(v) of the Disclosure Document and the provisions of Article 17 of the Franchise Agreement and Section 19 of the Multi-Unit Operator Agreement and which require jurisdiction of courts in Tennessee are deleted.

6. Item 17(w) of the Disclosure Document, Article 17 of the Franchise Agreement and Section 18 of the Multi-Unit Operator Agreement are amended to indicate that the agreements are to be construed according to the laws of the State of North Dakota.

7. Apart from civil liability as set forth in Section 51-19-12 N.D.C.C., which is limited to violations of the North Dakota Franchise Investment Law (registration and fraud), the liability of the franchisor to a franchisee is based largely on contract law. Despite the fact that those provisions are not contained in the franchise investment law, those provisions contain substantive rights intended to be afforded to North Dakota residents. Therefore, North Dakota franchisees will not be required to waive their rights under North Dakota law.

8. The provisions of Article 17 of the Franchise Agreement and Section 19 of the Multi-Unit Operator Agreement which require a franchisee to consent to (1) a waiver of trial by jury and (2) a waiver of exemplary and punitive damages are contrary to Section 51-19-09 of the North Dakota Franchise Investment Law and are hereby deleted.

9. The provisions of Article 17 of the Franchise Agreement and Section 19 of the Multi-Unit Operator Agreement which require a franchisee to consent to a limitation of claims are hereby amended to state that the statute of limitations under North Dakota law applies.

ADDENDUM REQUIRED BY THE STATE OF RHODE ISLAND

The following amends Item 17 and is required to be included within the Disclosure Document and shall be deemed to supersede the language in the Disclosure Document itself:

Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that:

“A provision in a franchise agreement restricting jurisdiction or venue to a forum outside of this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.”

ADDENDUM REQUIRED BY THE COMMONWEALTH OF VIRGINIA

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for The Beef Jerky Outlet Franchise, Inc. for use in the Commonwealth of Virginia shall be amended as follows:

1. Additional Disclosure: The following statements are added to Item 17.h:

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the franchise agreement and development agreement does not constitute “reasonable cause,” as that the term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, the provision may not be enforceable.

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee to surrender any right given to him under the franchise. If any provision of the Franchise Agreement involves the use of undue influence by the franchisor to induce a franchisee to surrender any rights given to him under the franchise, that provision may not be enforceable.

ADDENDUM REQUIRED BY THE STATE OF WASHINGTON

The State of Washington has a statute, RCW 19.100.180, which may supersede the Franchise Agreement in your relationship with the Franchisor, including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the Franchise Agreement in your relationship with the Franchisor, including the areas of termination and renewal of your franchise.

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

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.

A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel.

Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act or rights or remedies under the Act, such as a right to a jury trial, may not be enforceable.

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

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Addendum dated this _____ day of _____, 20____.

ATTEST

THE BEEF JERKY OUTLET FRANCHISE, INC.

Witness

By: _____
Name: _____
Title: _____

FRANCHISEE:

Witness

EXHIBIT F TO THE FRANCHISE AGREEMENT
FRANCHISEE DISCLOSURE ACKNOWLEDGMENT STATEMENT

As you know, The Beef Jerky Outlet Franchise, Inc. (the “Franchisor”) and you are preparing to enter into a franchise agreement (the “Franchise Agreement”) for the establishment and operation of The Beef Jerky Outlet Store (the “Store”). The purpose of this Questionnaire is to determine whether any statements or promises were made to you by employees or authorized representatives of the Franchisor, or by employees or authorized representatives of a broker acting on behalf of the Franchisor (“Broker”) that have not been authorized, or that were not disclosed in the Disclosure Document or that may be untrue, inaccurate or misleading. The Franchisor, through the use of this document, desires to ascertain (a) that the undersigned, individually and as a representative of any legal entity established to acquire the franchise rights, fully understands and comprehends that the purchase of a franchise is a business decision, complete with its associated risks, and (b) that you are not relying upon any oral statement, representations, promises or assurances during the negotiations for the purchase of the franchise which have not been authorized by Franchisor.

In the event that you are intending to purchase an existing Store from an existing Franchisee, you may have received information from the transferring Franchisee, who is not an employee or representative of the Franchisor. The questions below do not apply to any communications that you had with the transferring Franchisee. Please review each of the following questions and statements carefully and provide honest and complete responses to each.

1. Are you seeking to enter into the Franchise Agreement in connection with a purchase or transfer of an existing Store from an existing Franchisee?

Yes _____ No _____

2. I had my first face-to-face meeting with a Franchisor representative on _____, 20__.

3. Have you received and personally reviewed the Franchise Agreement, each addendum, and/or related agreement provided to you?

Yes _____ No _____

4. Do you understand all of the information contained in the Franchise Agreement, each addendum, and/or related agreement provided to you?

Yes _____ No _____

If no, what parts of the Franchise Agreement, any Addendum, and/or related agreement do you not understand? (Attach additional pages, if necessary.)

5. Have you received and personally reviewed the Franchisor's Disclosure Document that was provided to you?

Yes _____ No _____

6. Did you sign a receipt for the Disclosure Document indicating the date you received it?

Yes _____ No _____

7. Do you understand all of the information contained in the Disclosure Document and any state-specific Addendum to the Disclosure Document?

Yes _____ No _____

If No, what parts of the Disclosure Document and/or Addendum do you not understand? (Attach additional pages, if necessary.)

8. Have you discussed the benefits and risks of establishing and operating a Store with an attorney, accountant, or other professional advisor?

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 Store will depend in large part upon your skills and abilities, competition from other businesses, interest rates, inflation, labor and supply costs, location, lease terms, your management capabilities and other economic, and business factors?

Yes _____ No _____

10. Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement or promise concerning the actual or potential revenues, profits or operating costs of any particular Store operated by the Franchisor or its franchisees (or of any group of such businesses), that is contrary to or different from the information contained in the Disclosure Document?

Yes _____ No _____

11. Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement or promise regarding the amount of money you may earn in operating the Store that is contrary to or different from the information contained in the Disclosure Document?

Yes _____ No _____

12. Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement or promise concerning the total amount of revenue the Store will generate that is contrary to or different from the information contained in the Disclosure Document?

Yes _____ No _____

13. Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement or promise regarding the costs you may incur in operating the Store that is contrary to or different from the information contained in the Disclosure Document?

Yes _____ No _____

14. Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement or promise concerning the likelihood of success that you should or might expect to achieve from operating a Store?

Yes _____ No _____

15. Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement, promise or agreement 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 Disclosure Document or franchise agreement?

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. Have you spoken to any other franchisee(s) of this system before deciding to purchase this franchise? If so, who? _____

If you have answered No to question 9, or Yes to any one of questions 10-17, please provide a full explanation of each answer in the following blank lines. (Attach additional pages, if necessary, and refer to them below.) If you have answered Yes to question 9, and No to each of questions 10-17, please leave the following lines blank.

I signed the Franchise Agreement and Addendum (if any) on _____, 20____, and acknowledge that no Agreement or Addendum is effective until signed and dated by the Franchisor.

Please understand that your responses to these questions are important to us and that we will rely on them. By signing this Questionnaire, you are representing that you have responded truthfully to the above questions. In addition, by signing this Questionnaire, you also acknowledge that:

A. You recognize and understand that business risks, which exist in connection with the purchase of any business, make the success or failure of the franchise subject to many variables, including among other things, your skills and abilities, the hours worked by you, competition, interest rates, the economy, inflation, franchise location, operation costs, lease terms and costs and the marketplace. You hereby acknowledge your awareness of and willingness to undertake these business risks.

B. You agree and state that the decision to enter into this business risk is in no manner predicated upon any oral representation, assurances, warranties, guarantees or promises made by Franchisor or any of its officers, employees or agents (including the Broker or any other broker) as to the likelihood of success of the franchise. Except as contained in the Disclosure Document, you acknowledge that you have not received any information from the Franchisor or any of its officers, employees or agents (including the Broker or any other broker) concerning actual, projected or forecasted franchise sales, profits or earnings. If you believe that you have received any information concerning actual, average, projected or forecasted franchise sales, profits or earnings other than those contained in the Disclosure Document, please describe those in the space provided below or write "None".

C. You further acknowledge that the President of the United States of America has issued Executive Order 13224 (the "Executive Order") prohibiting transactions with terrorists and terrorist organizations and that the United States government has adopted, and in the future may adopt, other anti-terrorism measures (the "Anti-Terrorism Measures"). The Franchisor therefore requires certain certifications that the parties with whom it deals are not directly involved in terrorism. For that reason, you hereby certify that neither you nor any of your employees, agents or representatives, nor any other person or entity associated with you, is:

- (i) a person or entity listed in the Annex to the Executive Order;
- (ii) a person or entity otherwise determined by the Executive Order to have committed acts of terrorism or to pose a significant risk of committing acts of terrorism;
- (iii) a person or entity who assists, sponsors, or supports terrorists or acts of terrorism; or
- (iv) owned or controlled by terrorists or sponsors of terrorism.

You further covenant that neither you nor any of your employees, agents or representatives, nor any other person or entity associated with you, will during the term of the Franchise Agreement become a person or entity described above or otherwise become a target of any Anti-Terrorism Measure.

Acknowledged this ____ day of _____, 20____.

Sign here if you are taking the franchise as an
INDIVIDUAL

Sign here if you are taking the franchise as a
CORPORATION, LIMITED LIABILITY
COMPANY OR PARTNERSHIP

Signature

Print Name _____

Signature

Print Name _____

Signature

Print Name _____

Signature

Print Name _____

Print Name of Legal Entity

By: _____
Signature

Print Name _____

Title _____

EXHIBIT G TO THE FRANCHISE AGREEMENT
CONFIDENTIALITY AND NON-COMPETITION AGREEMENT
(for trained employees, shareholders, officers, directors,
general partners, members and managers of Franchisee)

In consideration of my being a _____ of _____ (“Franchisee”), and other good and valuable consideration, the receipt and sufficiency of which is acknowledged, I hereby acknowledge and agree that:

1. Pursuant to a Franchise Agreement dated _____, 20__ (the “Franchise Agreement”), Franchisee has acquired the right and franchise from The Beef Jerky Outlet Franchise, Inc. (the “Company”), to establish and operate The Beef Jerky Outlet Store (the “Franchised Business”) and the right to use in the operation of the Franchised Business the Company’s trade names, service marks, trademarks, logos, emblems, and indicia of origin (the “Proprietary Marks”), as they may be changed, improved and further developed from time to time in the Company’s sole discretion, only at the following authorized and approved location: _____ (the “Approved Location”).

2. The Company, as the result of the expenditure of time, skill, effort and resources has developed and owns a distinctive format and system (the “System”) relating to the establishment and operation of a Franchised Business which offers an exceptional variety of jerky products, sausages and smoked meats, sauces, rubs, seasonings, marinades, jams, butters, jellies, peanuts, candies, cheeses, and other similar foods. A Franchised Business operates using proprietary methods, techniques, trade dress, trademarks and logos. Franchised Businesses have distinctive business formats, methods, procedures, designs, layouts, standards and specifications, all of which we may improve, further develop and otherwise modify from time to time. Our system (the “System”) includes, but is not limited to, uniform formats, designs, systems, methods, specifications, standards and procedures, all of which may be changed, updated, improved and further developed by us from time to time.. The Company possesses certain proprietary and confidential information relating to the operation of the System, which includes certain proprietary trade secrets, methods, techniques, formats, specifications, systems, procedures, methods of business practices and management, sales and promotional techniques and knowledge of, and experience in, the operation of the Franchised Business (the “Confidential Information”).

3. Any and all information, knowledge, know-how, and techniques which the Company specifically designates as confidential shall be deemed to be Confidential Information for purposes of this Agreement.

4. As _____ of the Franchisee, the Company and Franchisee will disclose the Confidential Information to me in furnishing to me training programs, the Company’s Confidential Operations Manuals (the “Manuals”), and other general assistance during the term of the Franchise Agreement.

5. I will not acquire any interest in the Confidential Information, other than the right to utilize it in the operation of the Franchised Business during the term of the Franchise Agreement, and the use or duplication of the Confidential Information for any use outside the System would constitute an unfair method of competition.

6. The Confidential Information is proprietary, involves trade secrets of the Company, and is disclosed to me solely on the condition that I agree, and I do hereby agree, that I shall hold in strict confidence all Confidential Information and all other information designated by the Company as confidential. Unless the Company otherwise agrees in writing, I will disclose and/or use the Confidential

Information only in connection with my duties as _____ of the Franchisee, and will continue not to disclose any such information even after I cease to be in that position and will not use any such information even after I cease to be in that position unless I can demonstrate that such information has become generally known or easily accessible other than by the breach of an obligation of Franchisee under the Franchise Agreement.

7. Except as otherwise approved in writing by the Company, I shall not, while in my position with the Franchisee, either directly or indirectly for myself, or through, on behalf of, or in conjunction with any person, persons, partnership, or corporation, own, maintain, operate, engage in, act as a consultant for, perform services for, or have any interest in any retail business or e-commerce business which: (a) is the same as, or substantially similar to, a Franchised Business; or (b) offers to sell or sells any products or services which are substantially the same as any of the products offered by a Franchised Business (a "Competitive Business"); and for a continuous uninterrupted period commencing upon the cessation or termination of my position with Franchisee, regardless of the cause for termination, or upon the expiration, termination, transfer, or assignment of the Franchise Agreement, whichever occurs first, and continuing for two (2) years thereafter, either directly or indirectly, for myself, or through, on behalf of, or in conjunction with any person, persons, partnership, or corporation, own, maintain, operate, engage in, act as a consultant for, perform services for, or have any interest in any Competitive Business that is, or is intended to be, located at or within:

7.1 Franchisee's Designated Territory, as defined in the Franchise Agreement ("Franchisee's Designated Territory");

7.2 Twenty-five (25) miles of Franchisee's Designated Territory; or

7.3 Twenty-five (25) miles of any Franchised Business operating under the System and the Proprietary Marks.

The prohibitions in this Paragraph 7 do not apply to my interests in or activities performed in connection with a Franchised Business. This restriction does not apply to my ownership of less than five percent (5%) beneficial interest in the outstanding securities of any publicly held corporation.

8. I 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 Agreement is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which the Company is a party, I expressly agree 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 Agreement.

9. I understand and acknowledge that the Company shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Agreement, or any portion thereof, without my consent, effective immediately upon receipt by me of written notice thereof; and I agree to comply forthwith with any covenant as so modified.

10. The Company is a third-party beneficiary of this Agreement and may enforce it, solely and/or jointly with the Franchisee. I am aware that my violation of this Agreement will cause the Company and the Franchisee irreparable harm; therefore, I acknowledge and agree that the Franchisee and/or the Company may apply for the issuance of an injunction preventing me from violating this Agreement, and I agree to pay the Franchisee and the Company all the costs it/they incur(s), including, without limitation, legal fees and expenses, if this Agreement is enforced against me. Due to the importance of this Agreement to the Franchisee and the Company, any claim I have against the

Franchisee or the Company is a separate matter and does not entitle me to violate, or justify any violation of this Agreement.

11. This Agreement shall be construed under the laws of the State of Tennessee. The only way this Agreement can be changed is in writing signed by both the Franchisee and me.

Signature

Name

Address

Title

ACKNOWLEDGED BY FRANCHISEE

By: _____

Name: _____

Title: _____

EXHIBIT H TO THE FRANCHISE AGREEMENT
COLLATERAL ASSIGNMENT OF LEASE

FOR VALUE RECEIVED, the undersigned (“Assignor”) assigns, transfers and sets over to The Beef Jerky Outlet Franchise, Inc., a Tennessee corporation (“Assignee”), all of Assignor’s right and title to and interest in that certain “Lease” a copy of which is attached as Exhibit A respecting premises commonly known as _____. This assignment is for collateral purposes only and except as specified in this document Assignee will have no liability or obligation of any kind whatsoever arising from or in connection with this assignment or the Lease unless and until Assignee takes possession of the premises the Lease demises according to the terms of this document and assumes Assignor’s obligations under the Lease.

Assignor represents and warrants to Assignee that it has full power and authority to assign the Lease and that Assignor has not previously assigned or transferred and is not otherwise obligated to assign or transfer any of its interest in the Lease or the premises it demises.

Upon Assignor’s default under the Lease or under the “Franchise Agreement” for The Beef Jerky Outlet Store between Assignee and Assignor or in the event Assignor defaults under any document or instrument securing the Franchise Agreement Assignee has the right to take possession of the premises the Lease demises and expel Assignor from the premises. In that event Assignor will have no further right and title to or interest in the Lease but will remain liable to Assignee for any past due rental payments or other charges Assignee is required to pay Lessor to effectuate the assignment this document contemplates.

Assignor agrees that it will not suffer or permit any surrender, termination, amendment or modification of the Lease without Assignee’s prior written consent. Throughout the term of the Franchise Agreement Assignor agrees that it will elect and exercise all options to extend the term of or renew the Lease not less than thirty (30) days before the last day upon which the option must be exercised unless Assignee agrees otherwise in writing. Upon Assignee’s failure to agree otherwise in writing and upon Assignor’s failure to elect to extend or renew the Lease as required Assignor appoints Assignee as its true and lawful attorney-in-fact with the authority to exercise the extension or renewal options in the name, place and stead of Assignor for the sole purpose of effecting the extension or renewal.

ASSIGNEE:

ASSIGNOR:

THE BEEF JERKY OUTLET FRANCHISE, INC.

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

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

CONSENT TO COLLATERAL ASSIGNMENT AND AGREEMENT OF LESSOR

The undersigned Lessor under the Lease:

(a) Agrees to notify Assignee in writing of and upon Assignor's failure to cure any default by Assignor under the Lease;

(b) Agrees that Assignee will have the right, but not the obligation, to cure any default by Assignor under the Lease within thirty (30) days after Lessor's delivery of notice of the default under section (a) above;

(c) Consents to the Collateral Assignment and agrees that if Assignee takes possession of the premises the Lease demises and confirms to Lessor that it has assumed the Lease as tenant, Lessor will recognize Assignee as tenant under the Lease, provided that Assignee cures within the thirty (30) day period noted in section (b) above Assignor's defaults under the Lease; and

(d) Agrees that Assignee may further assign the Lease to or enter into a sublease with a person, firm or corporation who agrees to assume the tenant's obligations under the Lease and is reasonably acceptable to Lessor and that upon that assignment Assignee will have no further liability or obligation under the Lease as assignee, tenant or otherwise, other than to certify that the additional assignee or sublessee operates the premises the Lease demises as a retail store.

Dated: _____

_____, Lessor

EXHIBIT I TO THE FRANCHISE AGREEMENT
SBA ADDENDUM

THIS ADDENDUM ("Addendum") is made and entered into on _____, 20__ by The Beef Jerky Outlet Franchise, Inc., with a principal mailing address at PO Box 575, Seymour, Tennessee 37865 ("Franchisor"), and _____ located at _____ ("Franchisee").

Recitals. Franchisor and Franchisee entered into a Franchise Agreement on _____, 20__ ("Franchise Agreement"). The Franchisee agreed, among other things, to operate and maintain a franchise located at _____ designated by Franchisor as Unit #_____ ("Unit"). Franchisee has obtained from a lender a loan ("Loan") in which funding is provided with the assistance of the United States Small Business Administration ("SBA"). The SBA requires the execution of this Addendum as a condition for obtaining the SBA assisted financing.

NOW, THEREFORE, in consideration of the mutual promises below, and for good and valuable consideration in hand paid by each of the parties to the other, the receipt and sufficiency of which the parties acknowledge, the parties agree as follows:

1. The Franchise Agreement is in full force and effect, and Franchisor has sent no official notice of default to Franchisee under the Franchise Agreement that remains uncured on the date hereof.

2. If the Franchisor must operate the business under Sections 12.6 and 17.16 of the Franchise Agreement, Franchisor will operate the business for a ninety (90) day renewable term, renewable as necessary for up to one (1) year and the Franchisor will periodically discuss the status with the Franchisee or its heirs.

3. Notwithstanding anything to the contrary in Section 8.7 of the Franchise Agreement, the Franchisee shall have the discretion to set pricing for its products and services provided that, subject to applicable antitrust laws, such pricing: (1) is at or below any maximum price cap programs established by the Franchisor for its franchise System; or (2) is at or above any minimum price threshold programs established by the Franchisor for its franchise System; or (3) conforms to any *bona fide* promotional programs or national or regional accounts programs established from time to time by the Franchisor for its franchise System.

4. The following language shall be added to the end of Section 12.8 of the Franchise Agreement:

"However, the Franchisor may not exercise a right of first refusal:

(a) If a proposed Transfer is between or among individuals (including members of their immediate families and their respective spouses) who, at the time of the proposed Transfer, have an ownership interest in the Franchisee or the franchise, and who have guaranteed the Franchisee's obligations under a then outstanding indebtedness which is guaranteed by the United States Small Business Administration ("SBA") ("Owner/Guarantors"); or

(b) If a proposed Transfer involves a person other than an Owner/Guarantor and the proposed Transfer involves a non-controlling ownership interest in the Franchisee or the franchise, unless such non-controlling interest: (1) represents less than a twenty percent (20%) ownership interest in the Franchisee or in the franchise, or (2) the Franchisor (in combination with all of the Franchisor's franchisees) qualifies as a small

business and the exercise of the right does not affect the eligibility of the borrower to qualify for the SBA loan guarantee program.

The Franchisor’s right to approve or to disapprove a proposed Transfer or transferee, or to exercise its right of first refusal with respect to a Transfer of a controlling interest in the Franchisee or the franchise, shall not be affected by any of the foregoing provisions. If the Franchisor does not qualify as a small business under SBA regulations, the parties acknowledge and understand that the Franchisor’s exercise of its right of first refusal may result in an SBA guaranteed loan becoming immediately due and payable.”

5. If the Franchisee becomes disabled under Section 12.5 of the Franchise Agreement and the parties are unable to agree as to whether the Franchisee is permanently disabled, the disability shall be determined by three (3) physicians chosen in the following manner: Franchisee shall select one (1) and Franchisor shall select one (1), and the two (2) physicians so chosen shall select a third (3rd) physician. The decision of the majority of the physicians so chosen shall be conclusive.

6. This Addendum automatically terminates on the earliest to occur of the following: (i) a termination occurs under the Franchise Agreement; (ii) the Loan is paid in full; or (iii) the SBA no longer has any interest in the Loan.

IN WITNESS WHEREOF, the parties hereto have duly signed and executed this Addendum as of the day and year first above written.

FRANCHISOR:

FRANCHISEE:

THE BEEF JERKY OUTLET FRANCHISE, INC.

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

EXHIBIT C TO THE DISCLOSURE DOCUMENT
MULTI-UNIT OPERATOR AGREEMENT

THE BEEF JERKY OUTLET FRANCHISE, INC.

MULTI-UNIT OPERATOR AGREEMENT

MULTI-UNIT OPERATOR

DATE OF AGREEMENT

TABLE OF CONTENTS

SECTION 1..... 1
 GRANT 1

SECTION 2..... 2
 DEVELOPMENT FEE 2

SECTION 3..... 2
 SCHEDULE AND MANNER FOR EXERCISING DEVELOPMENT RIGHTS 2

SECTION 4..... 3
 DEVELOPMENT RIGHTS AND OBLIGATIONS 3

SECTION 5..... 4
 RENEWAL 4

SECTION 6..... 4
 TERM AND RIGHT OF FIRST REFUSAL 4

SECTION 7..... 4
 YOUR OBLIGATIONS 4

SECTION 8..... 5
 OUR SERVICES 5

SECTION 9..... 6
 DEFAULT AND TERMINATION 6

SECTION 10..... 7
 OBLIGATIONS FOLLOWING TERMINATION 7

SECTION 11..... 8
 TRANSFER OF INTEREST 8

SECTION 12..... 11
 COVENANTS 11

SECTION 13..... 13
 NOTICES 13

SECTION 14..... 13
 INDEPENDENT CONTRACTOR AND INDEMNIFICATION 13

SECTION 15..... 14
 APPROVALS 14

SECTION 16..... 14
 NON-WAIVER 14

SECTION 17..... 14

SEVERABILITY AND CONSTRUCTION	14
SECTION 18.....	15
ENTIRE AGREEMENT; APPLICABLE LAW	15
SECTION 19.....	15
DISPUTE RESOLUTION.....	15
SECTION 20.....	16
TIMELY PERFORMANCE	16
SECTION 21.....	16
ACKNOWLEDGMENTS.....	16
SECTION 22.....	17
EFFECTIVE DATE	17

EXHIBITS:

- A Certification by Multi-Unit Operator
- B Guaranty
- C Transfer of a Franchise to a Corporation or Limited Liability Company
- D Minimum Performance Schedule
- E Exclusive Area
- F Multi-State Addendum

THE BEEF JERKY OUTLET FRANCHISE, INC.

MULTI-UNIT OPERATOR AGREEMENT

THIS MULTI-UNIT OPERATOR AGREEMENT (“Agreement”) is made and entered into the _____ day of _____, 20____, between The Beef Jerky Outlet Franchise, Inc., a Tennessee corporation having its principal place of business at 1309 Goose Creek Way, Seymour, Tennessee 37865 (“we,” “us” or “our”), and _____ whose principal address is _____ (hereinafter “you” or “your”).

W I T N E S S E T H:

WHEREAS, we and our affiliates have designed and developed a method of developing and operating a business under the “The Beef Jerky Outlet” name which is a specialty retail food store that features an exceptional variety of jerky products, sausages and smoked meats, sauces, rubs, seasonings, marinades, jams, butters, jellies, peanuts, candies, cheeses, and other similar foods. The Beef Jerky Outlet business (“Store”) operates using proprietary methods, techniques, trade dress, trademarks and logos. The Beef Jerky Outlet Stores have distinctive business formats, methods, procedures, designs, layouts, standards and specifications, all of which we may improve, further develop and otherwise modify from time to time (“System”);

WHEREAS, we and our affiliate have developed and use, promote and license certain trademarks, service marks and other commercial symbols in operating The Beef Jerky Outlet Stores, including the mark “The Beef Jerky Outlet”, which have gained public recognition and goodwill, and we may create, use and license other trademarks, service marks and commercial symbols for use in operating Stores (collectively, the “Marks” or “Proprietary Marks”);

WHEREAS, we and our affiliates continue to develop, use and control the use of such 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; and

WHEREAS, you wish to obtain certain development rights to open and operate Stores operating under the Marks under the System within the Exclusive Area described in this Multi-Unit Operator Agreement.

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

SECTION 1
GRANT

1.1 We hereby grant to you, pursuant to the terms and conditions of this Multi-Unit Operator Agreement, certain development rights (“Development Rights”) to establish and operate _____ (_____) The Beef Jerky Outlet Stores, and to use the System solely in connection therewith at specific locations to be designated in separate Franchise Agreements executed as provided in Section 3.1 hereof, and pursuant to the schedule established in Exhibit “D” of this Agreement (hereinafter “Minimum Performance Schedule”). Each Store developed hereunder shall be located in the area described in Exhibit “E” of this Agreement (hereinafter “Exclusive Area”). The Minimum Performance Schedule shall be deemed completed, and this Agreement shall expire, upon the opening of the last Store to be developed hereunder.

1.2 Each Store for which a Development Right is granted hereunder shall be established and operated pursuant to a Franchise Agreement to be entered into between you and us in accordance with Section 3.1 hereof.

1.3 Except as otherwise provided in this Agreement, we shall not establish, nor franchise anyone other than you to establish, a Store in the Exclusive Area during the term of this Agreement, provided you are not in default hereunder.

1.4 This Agreement is not a Franchise Agreement and does not grant to you any right to use the Marks or System.

1.5 You shall have no right under this Agreement to franchise others under the Marks or System.

SECTION 2 **DEVELOPMENT FEE**

In consideration of the development rights granted herein, you shall pay to us a Development Fee of _____ Thousand Dollars (\$ _____), which is calculated as Thirty-Nine Thousand Nine Hundred Dollars (\$39,900), being one hundred percent (100%) of the initial franchise fee for the first Store to be developed hereunder, plus Twelve Thousand Four Hundred Fifty Dollars (\$12,450), being fifty percent (50%) of the reduced initial franchise fee, multiplied by the total number of additional Stores to be developed pursuant to this Agreement.

The Development Fee shall be fully earned by us upon execution of this Agreement, shall be non-refundable, and shall be for administrative and other expenses incurred by us and for the development opportunities lost or deferred as a result of the Development Rights granted to you herein.

SECTION 3 **SCHEDULE AND MANNER FOR EXERCISING DEVELOPMENT RIGHTS**

3.1 You shall assume all responsibility and expense for locating potential sites for Stores and shall submit to us for our evaluation and approval, in the form specified by us, a description of the site, the terms of the lease or purchase, a market feasibility study for the site and such other information and materials as we may reasonably require, together with a letter of intent or other evidence satisfactory to us which confirms your favorable prospects for obtaining the site. We shall have thirty (30) days after receipt of such information and materials from you to approve or disapprove the site in our sole discretion. If the site is approved, you will then be presented with the Franchise Agreement for execution.

3.2 Recognizing that time is of the essence, you agree to exercise each of the Development Rights granted hereunder in the manner specified herein, and to satisfy the Minimum Performance Schedule in a timely manner. Your failure to adhere to the Minimum Performance Schedule shall constitute a default under this Agreement as provided in Section 9.1 hereof. Under no circumstances, however, may you open a Store for business unless and until there is a fully executed Franchise Agreement in place for such Store and you have complied with all requirements under the Franchise Agreement for opening such Store, including payment of the balance of the initial franchise fee.

3.3 You shall exercise each Development Right granted herein only by executing a Franchise Agreement for each Store at a site approved by us in the Exclusive Area as hereinafter provided within ten (10) days after receipt of said Franchise Agreement from us for the approved site and return same to

us for our execution, together with payment of the balance of the initial franchise fee due. The Franchise Agreement for the first Development Right exercised hereunder has been executed contemporaneously with this Agreement. The Franchise Agreement for each additional Development Right exercised hereunder shall be the then-current The Beef Jerky Outlet Store Franchise Agreement. In the event we do not receive the properly executed Franchise Agreement with the appropriate number of copies (together with the balance of the initial franchise fee due) within said ten (10) days from delivery thereof to you, our approval of the site shall be void, you shall have no rights with respect to said site and you shall be in default under this Agreement.

The initial franchise fee for the first Store to be developed hereunder is Thirty-Nine Thousand Nine Hundred Dollars (\$39,900) and the initial franchise fee for each additional Store to be developed hereunder is Twenty-Four Thousand Nine Hundred Dollars (\$24,900). The initial franchise fee for the first Store has been paid in full in the Development Fee. For each additional Store developed hereunder, we will apply a *pro rata* portion of the Development Fee toward the initial franchise fee due for such Store. The balance of the initial franchise fee, or Twelve Thousand Four Hundred Fifty Dollars (\$12,450), is payable to us in a lump sum upon execution of the Franchise Agreement for that Store.

3.4 You acknowledge that the approval of a particular site for a Store by us shall not be deemed to be an assurance or guaranty that the Store will operate successfully or at a profit from such site.

3.5 You shall be required to execute each Franchise Agreement and own a minimum of fifty-one percent (51%) of the issued and outstanding stock for each Store to be opened pursuant to said Franchise Agreement. In no event shall you relinquish control over each entity operating each Store.

SECTION 4

DEVELOPMENT RIGHTS AND OBLIGATIONS

4.1 Subject to the provisions of this Agreement, we grant to you the Development Rights, as described in Section 1.1.

4.2 Provided you are in full compliance with all the terms and conditions of this Agreement, including without limitation your development obligations described in Section 3.2, and you are in full compliance with all of your obligations under all franchise agreements executed pursuant to this Agreement, then during the term of this Agreement neither we nor any of our affiliates will develop or operate or grant franchises for the development or operation of Stores within the Exclusive Area, except the franchises that are granted to you pursuant to this Agreement and except as otherwise expressly provided in this Agreement.

4.3 Upon the termination or expiration of this Agreement, we and our affiliates shall have the right to develop and operate, and to grant to others development rights and franchises to develop and operate, Stores within the Exclusive Area subject only to the territorial rights granted to you with respect to Stores operated by you pursuant to the Franchise Agreements and the right of first refusal described in Section 6 below.

4.4 Except as expressly limited by Section 3.2 above, we and our affiliates retain all rights with respect to Stores, the Marks and the sale of any goods and services, anywhere in the world, including, without limitation, the right:

4.4.1 to offer and sell and to grant others the right to offer and sell the products and services offered at Stores, both within and outside the Exclusive Area, under trade and service marks other than the Marks and under any terms and conditions we deem appropriate;

4.4.2 to operate and to grant others the right to operate Stores located outside the Exclusive Area under any terms and conditions we deem appropriate and regardless of proximity to your Stores; and

4.4.3 to acquire and operate a business operating one or more similar stores located or operating in your Exclusive Area, but if one of these stores is located within your Exclusive Area, it will not operate using the Proprietary Marks.

SECTION 5 **RENEWAL**

This Agreement shall not be subject to renewal; however, if you wish to purchase a new Exclusive Area and continue to develop Stores, we will, in good faith, negotiate a new Multi-Unit Operator Agreement with you.

SECTION 6 **TERM AND RIGHT OF FIRST REFUSAL**

6.1 Unless sooner terminated in accordance with the terms of this Agreement, the term of this Agreement and all Development Rights granted hereunder shall expire on the date the last Store is opened pursuant to the Minimum Performance Schedule.

6.2 Upon completion of the Minimum Performance Schedule, if we determine that it is desirable to operate one or more additional Stores in the Exclusive Area, and provided you have timely complied with the Minimum Performance Schedule and are then in compliance with all terms and conditions of all Franchise Agreements, you shall have a right of first refusal to obtain the Development Rights to such additional Stores upon such reasonable terms and conditions as are then determined by us including, but not limited to, the imposition of a new Development Fee and the payment of the then-current Initial Franchise Fee upon execution of the then-current Franchise Agreement. In such case, we shall advise you in writing of the terms and conditions for the acquisition of the Development Rights for such additional Stores. You must notify us in writing within sixty (60) days of the receipt of such notice whether you wish to acquire the Development Rights to all of such additional Stores. If you do not exercise this right of first refusal, in whole, we may, following the expiration of the sixty (60) day period, grant the Development Rights to such additional Stores to any other person or persons on the same terms and conditions or we may elect to develop and construct any of such additional Stores.

SECTION 7 **YOUR OBLIGATIONS**

7.1 You acknowledge and agree that:

7.1.1 Except as otherwise provided herein, this Agreement includes only the right to select sites for the establishment of Stores and to submit the same to us for our approval in accordance with the terms of this Agreement. This Agreement does not include the grant of a license by us to you of any rights to use the Marks, the System, or to open or operate any Stores within the Exclusive Area. You shall obtain the license to use such additional rights at each Store upon the execution of each Franchise Agreement by both you and us and only in accordance with the terms of each Franchise Agreement.

7.1.2 The Development Rights granted hereunder are personal to you and cannot be sold, assigned, transferred or encumbered, in whole or in part, except as stated in Section 11 hereof.

7.1.3 Except as provided in Sections 6.1 and 6.2 hereof, the Development Rights granted hereunder are non-exclusive, and we retain the right, in our sole discretion:

(a) To continue to construct and operate other Stores and to use the System and the Marks at any location outside the Exclusive Area, and to license others to do so.

(b) To develop, use and franchise the rights to any trade names, trademarks, service marks, trade symbols, emblems, signs, slogans, insignia, or copyrights not designated by us as Marks for use with different franchise systems for the sale of the different products or services not in connection with the System at any location, on such terms and conditions as we may deem advisable and without granting you any rights therein.

7.1.4 You have sole responsibility for the performance of all obligations arising out of the operation of your business pursuant to this Agreement, including, but not limited to, the payment when due of any and all taxes levied or assessed by reason of such operation.

7.1.5 In all public records, in your relationship with other persons, and in any documents, you shall indicate clearly the independent ownership of your business and that the operations of said business are separate and distinct from the operation of a The Beef Jerky Outlet Store.

7.1.6 You shall at all times preserve in confidence any and all materials and information furnished or disclosed to you by us and you shall disclose such information or materials only to such of your employees or agents who must have access to it in connection with their employment. You shall not at any time, without our prior written consent, copy, duplicate, record or otherwise reproduce such materials or information, in whole or in part, nor otherwise make the same available to any unauthorized person.

7.1.7 You shall comply with all requirements of federal, state and local laws, rules and regulations.

7.1.8 You shall at no time have the right to sub-franchise any of your Development Rights hereunder.

7.1.9 In no event shall any Store be opened for business unless and until a Franchise Agreement for such Store has been fully executed, the initial franchise fee for such Store has been paid, and you have complied with all of the requirements under the Franchise Agreement for opening such Store.

SECTION 8 **OUR SERVICES**

We shall, at our expense, provide the following services:

8.1 Review your site selection for conformity to our standards and criteria for selection and acquisition of sites upon our receipt of your written request for approval thereof.

8.2 Provide you with standard specifications and layouts for the interior and exterior design, improvements, equipment, furnishings, décor and signs identified with the Stores as we make available to all multi-unit operators and franchisees from time to time.

8.3 Review of your site plan and final build-out plans and specifications for conformity to the construction standards and specifications of the System, upon our receipt of your written request for approval thereof.

8.4 Provide such other resources and assistance as may hereafter be developed and offered by us to our other multi-unit operators in our sole discretion.

SECTION 9

DEFAULT AND TERMINATION

9.1 The occurrence of any of the following events of default shall constitute good cause for us, at our option and without prejudice to any other rights or remedies provided for hereunder or by law or equity, to terminate this Agreement upon notice to you without opportunity to cure the default, except where prohibited by any applicable state or federal law, whereupon this Agreement shall be terminated in accordance with the provisions of any such law:

9.1.1 If you shall, in any respect, fail to meet the Minimum Performance Schedule.

9.1.2 If you shall purport to effect any assignment other than in accordance with Section 11 hereof.

9.1.3 Except as provided in Section 11 hereof, if you attempt to sell, assign, transfer or encumber this Agreement prior to the time that at least twenty-five percent (25%) of the Stores to be constructed and opened for business in accordance with the Minimum Performance Schedule are, in fact, open or under construction.

9.1.4 If you make, or have made, any material misrepresentation to us in connection with obtaining this Multi-Unit Operator Agreement, any site approval hereunder, or any Franchise Agreement.

9.1.5 If you default in the performance of any obligation under any Franchise Agreement with us, provided such default results in the termination of the Franchise Agreement.

9.1.6 If you suffer a violation of any law, ordinance, rule or regulation of a governmental agency in connection with the operation of the Store, and permit the same to go uncorrected after notification thereof, unless there is a bona fide dispute as to the violation or legality of such law, ordinance, rule or regulation, and you promptly resort to courts or forums of appropriate jurisdiction to contest such violation or legality.

9.1.7 If you or an owner of yours owning a twenty-five percent (25%) or more interest in you is convicted in a court of competent jurisdiction of an indictable offense punishable by a term of imprisonment in excess of one (1) year.

9.1.8 If you, or any of your partners, if you are a partnership, or any of your officers, directors, shareholders, or members, if you are a corporation or limited liability company, shall become insolvent or make a general assignment for the benefit of creditors; if a petition in bankruptcy is filed by you or such a petition is filed against and not opposed by you; if you are adjudicated a bankrupt or

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

9.1.9 If you, or any shareholder or principal, if you are corporate entity, or any of your affiliates cease to operate all of the Stores opened pursuant to the terms of this Agreement.

9.2 Upon occurrence of any of the events stated in this Section 9.2, we may, without prejudice to any other rights or remedies contained in this Agreement or provided by law or equity, terminate this Agreement. Such termination shall be effective thirty (30) days after written notice (or such other notice as may be required by applicable state law) is given by us to you of any of such events, if such defaults are not cured within such period:

9.2.1 If you shall use the System or Marks, or any other names, marks, systems, insignia, symbols or rights which are our property except pursuant to, and in accordance with, a valid and effective Franchise Agreement.

9.2.2 If you, or persons controlling, controlled by or under common control with you, shall have any interest, direct or indirect, in the ownership or operation of any arts and crafts business engaged in the sale of services similar to those permitted to be sold by you within the Exclusive Area or in any business which looks like, copies or imitates the Store or operates in a manner tending to have such effect other than pursuant to a valid and effective Franchise Agreement.

9.2.3 If you shall fail to remit to us any payments pursuant to Section 2 when same are due.

9.2.4 If you shall begin work upon any Store at any site unless all the conditions stated in Section 3 hereof have been met.

9.2.5 If you fail to obtain our prior written approval or consent, including but not limited to site approval or site plan approval, as expressly required by this Agreement.

9.2.6 If you default in the performance of any other obligation under this Agreement.

9.2.7 If you open any Store for business before a Franchise Agreement for such Store has been fully executed and the initial franchise fee due to us has been paid.

SECTION 10

OBLIGATIONS FOLLOWING TERMINATION

10.1 Upon termination of this Agreement becoming effective for any reason, or upon expiration of the term hereof, you agree as follows:

10.1.1 To cease immediately any attempts to select sites on which to establish Stores.

10.1.2 To cease immediately to hold yourself out in any way as a multi-unit operator of ours or to do anything which would indicate a relationship between you and us.

10.2 No right or remedy herein conferred upon or reserved to us is exclusive of any other right or remedy provided or permitted by law or in equity.

SECTION 11

TRANSFER OF INTEREST

11.1 This Agreement is personal to you and you shall neither sell, assign, transfer nor encumber this Agreement, the Development Rights, or any other interest hereunder, nor suffer or permit any such assignment, transfer or encumbrance to occur directly, indirectly or contingently by agreement or by operation of law without our prior written consent. You understand that this Agreement may not be pledged, mortgaged, hypothecated, given as security for an obligation or in any manner encumbered. The assignment or transfer of any interest, except in accordance with this Section shall constitute a material breach of this Agreement.

11.2 In the event that you are a corporation or desire to conduct business in a corporate capacity, said corporate entity or assignment to a corporate entity (which may include a corporation, limited liability company or partnership) must receive our prior written approval and you agree to comply with the provisions hereinafter specified, including without limitation, personal guaranties by one or more equity owners of all of the obligations of said corporate entity or assignee corporate entity to us and other parties designated by us. The corporate entity or assignee corporate entity shall not engage in any business activities other than those directly related to the operation of the Stores pursuant to the terms and conditions of the Franchise Agreements with us, and all assets related to the operation of the Stores shall be held by the corporate entity or assignee corporate entity. There shall be no transfer fee charged by us for a one (1) time assignment to a corporate entity.

11.3 If you are a corporation or if your rights hereunder are assigned to a corporate entity, you or those individuals disclosed on Exhibit "B" attached hereto shall be the legal and beneficial owner of not less than fifty-one percent (51%) of the outstanding equity of said entity and shall act as such entity's principal officer. The assignment to a corporate entity will not relieve you of personal liability to us for performance of any of the obligations under this Agreement. Any subsequent transfer of voting rights of the equity of the entity or assignee entity, and any transfer or issuance of equity of the entity or assignee entity shall be subject to our prior written approval. We agree that we will not unreasonably restrict the issuance or transfer of equity, provided that you comply with the provisions of this Section 11, and provided that in no event shall any equity of such corporate entity or assignee corporate entity be sold, transferred or assigned to a business competitor of ours. The articles of organization and governing documents (including by-laws, operating agreement or partnership agreement) of the entity or assignee entity shall reflect that the issuance and transfer of equity is restricted, and all certificates shall bear the following legend, which shall be printed legibly and conspicuously on each certificate:

“The transfer of this certificate is subject to the terms and conditions of a Multi-Unit Operator Agreement with The Beef Jerky Outlet Franchise, Inc., dated _____. Reference is made to said Multi-Unit Operator Agreement and related Franchise Agreements and to restrictive provisions of the governing documents of this entity.”

11.4 The entity or assignee entity's records shall indicate that a stop transfer order shall be in effect against the transfer of any equity, except for transfers permitted by this Section 11. In addition to

the foregoing, the equity of such entity or assignee entity shall not be publicly sold or traded, nor shall it be the subject of a private placement.

11.5 In the event of your death, disability or permanent incapacity, we shall consent to the transfer of all of the interest of you to your spouse, heirs or relatives, by blood or marriage, or if this Agreement was originally executed by more than one party, then to the remaining party(ies) who originally executed this Agreement, whether such transfer is made by your Last Will and Testament or by operation of law, provided that the requirements of Section 11 hereof have been met. In the event that your heirs do not obtain our consent as prescribed herein, your personal representative shall have a reasonable time to dispose of your interest hereunder, which disposition shall be subject to all the terms and conditions for transfers under this Agreement.

11.6 You have represented to us that you are entering into this Multi-Unit Operator Agreement with the intention of complying with its terms and conditions and not for the purpose of resale of the Development Rights hereunder. Therefore, you agree that any attempt to assign this Agreement, prior to the time that at least twenty-five percent (25%) of the Stores to be constructed hereunder are opened or under construction, except pursuant to Sections 11.2 and 11.3 hereof, shall be deemed to be an event of default.

11.7 Except as provided in Section 11.6, if you receive from an unaffiliated third party and desires to accept a bona fide written offer to purchase your business, Development Rights and interests, we shall have the option, exercisable within thirty (30) days after receipt of written notice setting forth the name and address of the prospective purchaser, the price and terms of such offer, and a copy of such offer and the other information stated in this Section 11.7, to purchase such business, Development Rights and interests, including your right to develop sites within the Exclusive Area, on the same terms and conditions as offered by said third party. In order that we may have information sufficient to enable us to determine whether to exercise this option, we may require you to deliver to us certified financial statements as of the end of your most recent fiscal year and such other information about your business and operations as we may request. If we decline, or do not accept the offer in writing within thirty (30) days, you may, within thirty (30) days from the expiration of the option period, sell, assign and transfer your business, Development Rights and interest to said third party, provided we have consented to such transfer as required by this Section 11. Any material change in the terms of the offer prior to closing of the sale to such third party shall constitute a new offer, subject to the same rights of first refusal by us or our nominee, as in the case of an initial offer. Our failure to exercise the option afforded by this Section 11.7 shall not constitute a waiver of any other provision of this Agreement, including all of the requirements of this Section with respect to the proposed transfer.

11.8 You acknowledge and agree that the restrictions on transfer imposed herein are reasonable and are necessary to protect the Development Rights, the System and the Marks, as well as our reputation and image, and are for the protection of us, you and other multi-unit operators and franchisees. Any assignment or transfer permitted by this Section 11 shall not be effective until we receive a completely executed copy of all transfer documents, and we consent in writing thereto.

11.9 Except as provided in Section 11.6 hereof, we agree not to unreasonably withhold our consent to a sale, assignment or transfer by you hereunder. Consent to such transfer otherwise permitted or permissible as reasonable may be refused unless the following conditions are met:

11.9.1 All of your obligations created by this Agreement, all other franchise documents, including all Franchise Agreements, and the relationship created hereunder are assumed by the transferee.

11.9.2 All ascertained or liquidated debts of you to us or our affiliated or subsidiary corporations are paid.

11.9.3 You are not in default hereunder.

11.9.4 We are reasonably satisfied that the transferee meets all of our requirements for new multi-unit operators, including but not limited to, good reputation and character, business acumen, operational ability, management skills, financial strength and other business considerations.

11.9.5 Transferee executes or, in appropriate circumstances, causes all necessary parties to execute, our standard form of Multi-Unit Operator Agreement, Franchise Agreements for all Stores open or under construction hereunder, and such other then-current ancillary agreements being required by us of new multi-unit operators on the date of transfer.

11.9.6 You execute a general release, in a form satisfactory to us, of any and all claims against us, our officers, directors, employees and principal stockholders of any and all claims and causes of action that you may have against us or any subsidiary or affiliated corporations in any way relating to this Agreement or the performance or non-performance thereof by us.

11.9.7 You or transferee pay to us a transfer fee in an amount equal to Twenty Thousand Dollars (\$20,000) to cover our reasonable costs in effecting the transfer and in providing training and other initial assistance to transferee.

11.10 Upon the death or mental incapacity of any person with an interest of more than fifty percent (50%) in this Agreement or in you, the executor, administrator or personal representative of such person shall transfer his interest to a third party approved by us within twelve (12) months. Such transfers, including, without limitation, transfers by devise or inheritance, shall be subject to the same conditions as any *inter vivos* transfer. However, in the case of transfer by devise or inheritance, if the heirs or beneficiaries of any such person are unable to meet the conditions stated in Section 11.1 hereof, the personal representative of the deceased shall have a reasonable time, not to exceed twelve (12) months from the date said personal representative is appointed, to dispose of the deceased's interest in you or in the Development Rights, which disposition shall be subject to all the terms and conditions for transfers contained in this Agreement. It is understood and agreed, however, that notwithstanding the foregoing, the Minimum Performance Schedule shall be complied with as though no such death or mental incapacity had occurred. In the event the interest described above is not disposed of within such time, we shall have the right to terminate this Agreement, provided such termination had not previously occurred for failure to perform pursuant to the Minimum Performance Schedule, upon ninety (90) days' notice to your representative, or we shall have the right to re-purchase same at the same price being sought by your representative.

11.11 Our consent to a transfer of any interest in you or in the Development Rights pursuant to this Section shall not constitute a waiver of any claims we may have against the transferring party, nor shall it be deemed a waiver of our right to demand exact compliance with any of the terms of this Agreement by the transferee.

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

You expressly affirm and agree that we may sell our assets, our rights to the Proprietary Marks or to the System outright to a third party; may go public; may engage in a private placement of some or all of our securities; may merge, acquire other corporations, or be acquired by another corporation; may undertake a refinancing, recapitalization, leveraged buyout or other economic or financial restructuring; and, with regard to any or all of the above sales, assignments and dispositions, you expressly and specifically waive any claims, demands or damages arising from or related to the loss of said Proprietary Marks (or any variation thereof) and/or the loss of association with or identification of “The Beef Jerky Outlet Franchise, Inc.” as Franchisor. Nothing contained in this Agreement shall require us to remain in the same business or to offer the same products and services, whether or not bearing the Proprietary Marks, in the event that we exercise our right to assign our rights in this Agreement.

SECTION 12 **COVENANTS**

12.1 You specifically acknowledge that, pursuant to this Agreement, you will receive valuable training and confidential information, including, without limitation, information regarding the marketing methods and techniques of us and the System. You covenant that during the term of this Agreement, except as otherwise approved in writing by us, you and persons controlling, controlled by or under common control with you shall not, either directly or indirectly, for yourself/himself, or through, on behalf of or in conjunction with any person, persons or legal entity:

12.1.1 Divert or attempt to divert any business or client of the Store 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 the Marks and the System.

12.1.2 Employ or seek to employ any person who is at the time employed by us or any of our affiliates or by any other franchisee, development agent or multi-unit operator of ours, or otherwise directly or indirectly induce or seek to induce such person to leave his or her employment thereat.

12.1.3 Own, maintain, advise, help, invest in, make loans to, be employed by, engage in or have any interest in any business other than the Store (including any business operated by you prior to entry into this Agreement), which business is of a character and concept similar to the Store, including a business which offers the same or substantially similar products and services (a “Competitive Business”).

12.2 You covenant that, except as otherwise approved in writing by us, you shall not, for a continuous and uninterrupted period commencing upon the expiration or termination of this Agreement, and continuing for two (2) years thereafter (and, in case of any violation of this covenant, for two (2) years after the violation ceases), either directly or indirectly, for yourself, or through, on behalf of or in conjunction with any person, persons, partnership or corporation, own, maintain, advise, help, invest in, make loans to, be employed by, engage in or have any interest in any Competitive Business which is located within twenty-five (25) miles of any The Beef Jerky Outlet Store in the System.

12.3 Subsections 12.1.3 and 12.2 of this Section shall not apply to ownership by you of less than a five percent (5%) beneficial interest in the outstanding equity securities of any corporation which is registered under the Securities Exchange Act of 1934.

12.4 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 12 is held unreasonable or unenforceable by a court or agency having valid jurisdiction in any unappealed final decision to which we are a party, you expressly agree 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 12.

12.5 You understand and acknowledge that we shall have the right, in our sole discretion, to reduce the scope of any covenant stated in Sections 12.1 and 12.2 or any portion thereof, without your consent, effective immediately upon receipt by you of written notice thereof, and you agree that you shall comply forthwith with any covenant as so modified, which shall be fully enforceable notwithstanding the provisions of Section 16 hereof.

12.6 You expressly agree that the existence of any claim you may have against us, whether or not arising from this Agreement, shall not constitute a defense to our enforcement of the covenants in this Section 12.

12.7 You acknowledge that any failure to comply with the requirements of this Section 12 would cause us irreparable injury for which no adequate remedy at law may be available, and you hereby accordingly consent to our seeking injunctive relief prohibiting any conduct by you in violation of the terms of this Section 12. We may further avail ourselves of any other legal or equitable rights and remedies which we may have under this Agreement or otherwise.

12.8 At our request, you shall require and obtain the execution of covenants similar to those described in this Section 12 (including covenants applicable upon the termination of a person's relationship with you) from any or all of the following persons:

12.8.1 All managers of yours who have received training from us;

12.8.2 All officers, directors and holders of a beneficial interest of five percent (5%) or more of the securities of you and of any entity directly or indirectly controlling you, if you are a corporation or limited liability company; and

12.8.3 The general partners and any limited partners (including any corporation, and the officers, directors and holders of a beneficial interest of five percent (5%) or more of the securities of any corporation which controls, directly or indirectly, any general or limited partner), if you are a partnership.

Each covenant required by this Section 12.8 shall be in a form satisfactory to us, including, without limitation, specific identification of us as a third party beneficiary of such covenants with the independent right to enforce them. Your failure to obtain execution of a covenant required by this Section 12.8 shall constitute a default under Section 9 hereof.

12.9 During the term of this Agreement, an officer or agent of ours shall have the right to inspect any Store in which you have an interest at reasonable times and during normal business hours to the extent reasonably necessary to determine whether the conditions of this Section 12 are being satisfied. If, by reason of such inspections or otherwise, we have reason to believe that you are not in full compliance with the terms of this Section, we shall give notice of such default to you, specifying the nature of such default. If you deny that you are in default hereunder, as specified by us, you shall have the burden of establishing that such default does not exist and shall give notice to us of your position within ten (10) days of receipt of the notice from us. Unless you so deny such default, you shall immediately take all steps to cure said default in a manner satisfactory to us.

SECTION 15
APPROVALS

15.1 Whenever this Agreement requires our prior approval or consent, you shall make a timely written request to us for such approval or consent, and, except as otherwise provided herein, any approval or consent granted shall be in writing.

15.2 We make no warranties or guaranties upon which you may rely, and assume no liability or obligation to you or any third party to which we would not otherwise be subject, by providing any waiver, approval, advise, consent or services to you in connection with this Agreement, or by reason of any neglect, delay or denial of any request therefor.

SECTION 16
NON-WAIVER

No failure of ours to exercise any power reserved to us under this Agreement or to insist upon compliance by you with any obligation or condition in this Agreement, and no custom or practice of the parties at variance with the terms hereof, shall constitute a waiver of our rights to demand exact compliance with the terms of this Agreement. Our waiver of any particular default shall not affect or impair our right with respect to any subsequent default of the same or of a different nature; nor shall any delay, forbearance or omission of ours to exercise any power or right arising out of any breach or default by you of any of the terms, provisions or covenants of this Agreement affect or impair our rights, nor shall such constitute a waiver by us of any rights hereunder or rights to declare any subsequent breach or default.

SECTION 17
SEVERABILITY AND CONSTRUCTION

17.1 Each covenant and provision of this Agreement shall be construed as independent of any other covenant or provision of this Agreement. The provisions of this Agreement shall be deemed severable.

17.2 If all or any portion of a covenant or provision of this Agreement is held unreasonable or unenforceable by a court or agency having valid jurisdiction in a decision to which we are a party, you expressly agree to be bound by any lesser covenant or provision imposing the maximum duty permitted by law which is subsumed within the terms of such covenant or provision, as if that lesser covenant or provision were separately stated in and made a part of this Agreement.

17.3 Nothing in this Agreement shall confer upon any person or legal entity other than us or you, and such of our respective successors and assigns as may be contemplated by Section 11 hereof, any rights or remedies under or by reason of this Agreement.

17.4 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.

17.5 All references herein to gender and number shall be construed to include such other gender and number as the context may require, and all acknowledgments, promises, covenants, agreements and obligations herein made or undertaken by you shall be deemed jointly and severally undertaken by all those executing this Agreement on your behalf.

17.6 This Agreement may be executed in multiple copies, and each copy of the executed Agreement shall be deemed an original.

SECTION 18
ENTIRE AGREEMENT; APPLICABLE LAW

This Agreement, the documents referred to herein and the Exhibits attached hereto constitute the entire, full and complete agreement between us and you concerning the subject matter hereof and supersede any and all prior agreements; provided, however, that nothing in this or any related agreement is intended to disclaim the representations made by us in the Disclosure Document that was furnished to you by us. 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. This Agreement shall be interpreted and construed under the laws of the State of Tennessee, without regard to the application of Tennessee conflict of law rules, and the parties hereto consent to irrevocably submit to the jurisdiction of all courts located within the County of Sevier, Tennessee.

SECTION 19
DISPUTE RESOLUTION

19.1 Except to the extent we elect to enforce the provisions of this Agreement by judicial process and injunction in our sole discretion, all disputes, claims and controversies between the parties arising under or in connection with this Agreement or the making, performance or interpretation thereof (including claims of fraud in the inducement and other claims of fraud and the arbitrability of any matter) which have not been settled through negotiation or mediation will be settled by binding arbitration in Tennessee under the authority of Tennessee Statutes. The arbitrator(s) will have a minimum of five (5) years of experience in franchising or distribution law and will have the right to award specific performance of this Agreement. If the parties cannot agree upon a mutually agreeable arbitrator, then the arbitration shall be conducted as per the selection method set forth in the Tennessee Statutes. The proceedings will be conducted under the commercial arbitration rules of the American Arbitration Association, to the extent such rules are not inconsistent with the provisions of this arbitration provision or the Tennessee Statutes. The decision of the arbitrator(s) will be final and binding on all parties. This Section will survive termination or non-renewal of this Agreement under any circumstances. Judgment upon the award of the arbitrator(s) may be entered in any court having jurisdiction thereof. During the pendency of any arbitration proceeding, you and we shall fully perform our respective obligations under this Agreement.

19.2 With respect to any claims, controversies or disputes which are not finally resolved through arbitration, or as otherwise provided above, you and your owners hereby irrevocably submit themselves to the jurisdiction of the state courts of Sevier County, Tennessee and the Federal District Court closest to our headquarters. You and your owners hereby waive all questions of personal jurisdiction for the purpose of carrying out this provision. You and your owners hereby agree that service of process may be made upon any of them in any proceeding relating to or arising out of this Agreement or the relationship created by this Agreement by any means allowed by Tennessee or federal law. You and your owners further agree that venue for any proceeding relating to or arising out of this Agreement shall be Sevier County, Tennessee; provided, however, with respect to any action (1) for monies owed, (2) for injunctive or other extraordinary relief or (3) involving possession or disposition of, or other relief relating to, real property, we may bring such action in any State or Federal District Court which has jurisdiction. With respect to all claims, controversies, disputes or actions, related to this Agreement or the relationship created thereby, this Agreement and any such related claims, controversies, disputes or actions shall be governed, enforced and interpreted under Tennessee law.

19.3 You, your owners and we acknowledge that the parties' agreement regarding applicable state law and forum set forth in Section 19.4 above provide each of the parties with the mutual benefit of uniform interpretation of this Agreement and any dispute arising out of this Agreement or the parties' relationship created by this Agreement. Each of you, your owners and we further acknowledge the receipt and sufficiency of mutual consideration for such benefit and that each party's agreement regarding applicable state law and choice of forum have been negotiated in good faith and are part of the benefit of the bargain reflected by this Agreement.

19.4 If we are required to enforce this Agreement in a judicial or arbitration proceeding, you shall reimburse us for our costs and expenses, including, without limitation, reasonable accountants', attorneys', attorney assistants', and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses, whether incurred prior to, in preparation for or in contemplation of the filing of any such proceeding. If we are required to engage legal counsel in connection with any failure by you to comply with this Agreement, you shall reimburse us for any of the above-listed costs and expenses incurred by us.

19.5 You, your owners and we hereby waive, to the fullest extent permitted by law, any right to or claim or any punitive, exemplary, incidental, indirect, special, consequential or other damages (including, without limitation, loss of profits) against either party, their officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees, in their corporate and individual capacities, arising out of any cause whatsoever (whether such cause be based in contract, negligence, strict liability, other tort or otherwise) and agree that in the event of a dispute, either party shall be limited to the recovery of any actual damages sustained by it. If any other term of this Agreement is found or determined to be unconscionable or unenforceable for any reason, the foregoing provisions of waiver by agreement of punitive, exemplary, incidental, indirect, special, consequential or other damages (including, without limitation, loss of profits) shall continue in full force and effect.

SECTION 20

TIMELY PERFORMANCE

You hereby acknowledge that your timely development of the Stores in the Exclusive Area in accordance with the Minimum Performance Schedule is of material importance to us and you. You agree, as a condition of the continuance of the rights granted hereunder, to develop and open Stores within the Exclusive Area in accordance with the Minimum Performance Schedule, to operate such Stores pursuant to the terms of the Franchise Agreements and to maintain all such Stores in operation continuously. We agree to diligently act upon any request of or approval from you and any material delay in your ability to meet the Minimum Performance Schedule which is directly caused by our failure to act diligently upon a request for approval shall not constitute a default hereunder. Further, a failure or delay in performance by any party to this Agreement shall not be a default hereunder if such failure or delay arises out of or results from a Force Majeure, which for purposes of this Agreement shall be defined as fire, flood, earthquake or other natural disasters, or acts of a public enemy, war, rebellion or sabotage.

SECTION 21

ACKNOWLEDGMENTS

21.1 YOU ACKNOWLEDGE THAT THE SUCCESS OF THE BUSINESS VENTURE CONTEMPLATED BY THIS AGREEMENT INVOLVES SUBSTANTIAL BUSINESS RISKS AND WILL BE TOTALLY AND COMPLETELY DEPENDENT UPON YOUR ABILITY AS AN INDEPENDENT BUSINESS PERSON. WE EXPRESSLY DISCLAIM THE MAKING OF, AND YOU ACKNOWLEDGE NOT HAVING RECEIVED, ANY WARRANTY OR GUARANTY, EXPRESS OR

IMPLIED, AS TO THE POTENTIAL VOLUME, PROFITS OR SUCCESS OF THE BUSINESS VENTURE CONTEMPLATED BY THIS AGREEMENT.

21.2 YOU ACKNOWLEDGE HAVING RECEIVED, READ AND UNDERSTOOD THIS AGREEMENT, THE EXHIBITS ATTACHED HERETO AND AGREEMENTS RELATING HERETO, IF ANY, AND THE DISCLOSURE DOCUMENT DELIVERED SIMULTANEOUSLY HERewith; AND WE HAVE ACCORDED YOU AMPLE TIME AND OPPORTUNITY TO CONSULT WITH ADVISORS OF YOUR OWN CHOOSING ABOUT THE POTENTIAL RISKS OF ENTERING INTO THIS AGREEMENT.

21.3 YOU ACKNOWLEDGE THAT YOU RECEIVED THE DISCLOSURE DOCUMENT REQUIRED BY THE TRADE REGULATION RULE OF THE FEDERAL TRADE COMMISSION AT LEAST FOURTEEN (14) CALENDAR DAYS PRIOR TO THE DATE ON WHICH THIS AGREEMENT WAS EXECUTED OR ANY PAYMENT WAS MADE TO US OR OUR AFFILIATES.

21.4 YOU AND EACH OF YOUR PRINCIPALS, IF A CORPORATE ENTITY, EXPRESSLY ACKNOWLEDGE THAT NEITHER YOU NOR THEY HAVE RELIED UPON ANY EARNINGS CLAIMS, SUCH AS ORAL OR WRITTEN STATEMENTS OR SUGGESTIONS, MADE BY ANY REPRESENTATIVE OF OR ANY OTHER PERSON PURPORTING TO BE ACTING ON OUR BEHALF REGARDING THE POTENTIAL FUTURE SALES, REVENUES OR PROFITS WHICH MAY BE DERIVED FROM OPERATION OF THE BEEF JERKY OUTLET STORE OR DEVELOPMENT OF THE EXCLUSIVE AREA.

SECTION 22
EFFECTIVE DATE

This Agreement shall be effective as of the date it is executed by us.

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

THE BEEF JERKY OUTLET FRANCHISE, INC.

WITNESS

By: _____
Name: _____
Title: _____

MULTI-UNIT OPERATOR:

WITNESS

By: _____
Name: _____
Title: _____

**THE BEEF JERKY OUTLET FRANCHISE, INC.
MULTI-UNIT OPERATOR AGREEMENT**

**EXHIBIT "A"
CERTIFICATION BY MULTI-UNIT OPERATOR**

The undersigned, personally and as an officer or partner of Multi-Unit Operator, as applicable, does hereby certify that he has conducted an independent investigation of the business contemplated by this Multi-Unit Operator Agreement and The Beef Jerky Outlet Store Franchise Agreement, and that the decision to execute the Multi-Unit Operator Agreement was based entirely upon the independent investigation by the undersigned; and the undersigned further certifies that he has not relied upon, in any way, any claims regarding potential sales, income, or earnings to be derived from the business contemplated by the Franchise Agreement and Multi-Unit Operator Agreement, and has not relied upon any claims regarding past or current sales, income or earnings of Franchisor-operated "The Beef Jerky Outlet" Stores. The undersigned further certified that he understands the risks involved in this investment and The Beef Jerky Outlet Store makes no representation or guaranty, explicit or implied, that the Multi-Unit Operator will be successful or will recoup his investment.

IN WITNESS WHEREOF, the undersigned has signed, sealed and delivered this Certificate this ____ day of _____, 20__.

WITNESS

WITNESS

WITNESS

Each of the undersigned owns a five percent (5%) or greater beneficial interest in Multi-Unit Operator, each has read this Multi-Unit Operator Agreement, and each agrees to be individually bound by all obligations of Multi-Unit Operator hereunder.

WITNESS

WITNESS

WITNESS

**THE BEEF JERKY OUTLET FRANCHISE, INC.
MULTI-UNIT OPERATOR AGREEMENT**

**EXHIBIT "B"
GUARANTY**

(TO BE EXECUTED ONLY IF MULTI-UNIT OPERATOR IS A CORPORATION,
LIMITED LIABILITY COMPANY OR PARTNERSHIP)

In consideration of the execution by The Beef Jerky Outlet Franchise, Inc. of the annexed Multi-Unit Operator Agreement, and acknowledging that undersigned will benefit directly or indirectly from the execution thereof, the undersigned, being all of the shareholders, directors, and officers of the Multi-Unit Operator, agree to be jointly and severally bound by and agree to guaranty the performance of all of the terms and conditions of the Multi-Unit Operator Agreement and any amendments thereto or renewals thereof, and do hereby execute this Multi-Unit Operator Agreement for the purpose of binding and obligating themselves to the terms and conditions of the aforesaid Multi-Unit Operator Agreement and any amendments thereto or renewals thereof.

The guarantors hereunder hereby waive notice of termination or default under the Multi-Unit Operator Agreement.

SIGNATURES OF ALL SHAREHOLDERS, DIRECTORS, OFFICERS,
MEMBERS AND PARTNERS, AS APPLICABLE

WITNESS

WITNESS

WITNESS

Each of the undersigned owns a five percent (5%) or greater beneficial interest in Multi-Unit Operator, each has read this Multi-Unit Operator Agreement, and each agrees to be individually bound by all obligations of Multi-Unit Operator hereunder.

WITNESS

WITNESS

WITNESS

**THE BEEF JERKY OUTLET FRANCHISE, INC.
MULTI-UNIT OPERATOR AGREEMENT**

**EXHIBIT "C"
TRANSFER OF A FRANCHISE TO
A CORPORATION OR LIMITED LIABILITY COMPANY**

This Transfer Agreement shall amend that certain Multi-Unit Operator Agreement between _____, an individual with an address at _____ ("Multi-Unit Operator"), and The Beef Jerky Outlet Franchise, Inc., a Tennessee corporation headquartered at 1309 Goose Creek Way, Seymour, Tennessee 37865 ("Franchisor").

The undersigned, an Officer, Director and Owner of a majority of the issued and outstanding voting stock of the Corporation set forth below, or Members of the issued and outstanding Interests of the Limited Liability Company set forth below, and the Multi-Unit Operator of the Stores under a Multi-Unit Operator Agreement executed on the date set forth below, between himself or herself and Franchisor, granting him/her a franchise to operate in the Exclusive Area set forth below, and the other undersigned Directors, Officers and Shareholders of the Corporation, or the Members of the Limited Liability Company, who together with Multi-Unit Operator constitute all of the Shareholders of the Corporation, or the Members of the Limited Liability Company, in order to induce Franchisor to consent to the assignment of the Multi-Unit Operator Agreement to the Corporation or Limited Liability Company in accordance with the provisions of Section 11 of the Multi-Unit Operator Agreement, agree as follows:

1. The undersigned Multi-Unit Operator shall remain personally liable in all respects under the Multi-Unit Operator Agreement and all the other undersigned Officers, Directors and Shareholders of the Corporation, or the Members of the Limited Liability Company, intending to be legally bound hereby, agree jointly and severally to be personally bound by the provisions of the Multi-Unit Operator Agreement including the restrictive covenants contained in Section 12 thereof, to the same extent as if each of them were the Multi-Unit Operator set forth in the Multi-Unit Operator Agreement and they jointly and severally personally guarantee all of the Multi-Unit Operator's obligations set forth in said Agreement.

2. The undersigned agree not to transfer any stock in the Corporation, or any interest in the Limited Liability Company without the prior written approval of the Franchisor and agree that all stock certificates representing shares in the Corporation, or all certificates representing interests in the Limited Liability Company shall bear the following legend:

"The shares of stock represented by this certificate are subject to the terms and conditions set forth in a Multi-Unit Operator Agreement dated _____, 20__ between _____ and The Beef Jerky Outlet Franchise, Inc."

or

"The ownership interests represented by this certificate are subject to the terms and conditions set forth in a Multi-Unit Operator Agreement dated _____, 20__ between _____ and The Beef Jerky Outlet Franchise, Inc."

3. _____ or his designee shall devote his best efforts to the day-to-day operation and development of the Stores.

4. _____ hereby agrees to become a party to and to be bound by all of the provisions of the Multi-Unit Operator Agreement executed on the date set forth below between Multi-Unit Operator and Franchisor, to the same extent as if it were named as the Multi-Unit Operator therein.

Date of Multi-Unit Operator Agreement: _____

Exclusive Area for Stores: _____

WITNESS:

As to Paragraph 3:

[Name]

As to Paragraph 4:

[Name]

ATTEST:

Name of Corp. or Limited Liability Company

By: _____
Title: _____

In consideration of the execution of the above Agreement, The Beef Jerky Outlet Franchise, Inc., hereby consents to the above referred to assignment on this ____ day of _____, 20__.

THE BEEF JERKY OUTLET FRANCHISE, INC.

By: _____
Name: _____
Title: _____

**THE BEEF JERKY OUTLET FRANCHISE, INC.
MULTI-UNIT OPERATOR AGREEMENT**

**EXHIBIT "D"
Minimum Performance Schedule**

The Agreement authorizes and obliges Multi-Unit Operator to establish and operate _____ (____) "The Beef Jerky Outlet" Stores pursuant to a Franchise Agreement for each Store. The following is Multi-Unit Operator's Minimum Performance Schedule:

<u>Minimum Cumulative Number of Franchise Agreements for Stores to be located and Operating Within the Exclusive Area</u>	<u>By this Date</u>
_____	_____
_____	_____
_____	_____
_____	_____

Total: _____

The Minimum Performance Schedule shall be deemed completed, and this Agreement shall expire, upon the opening of the final Store to be developed pursuant to this Agreement.

APPROVED:

MULTI-UNIT OPERATOR

THE BEEF JERKY OUTLET FRANCHISE, INC.

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

THE BEEF JERKY OUTLET FRANCHISE, INC.
MULTI-UNIT OPERATOR AGREEMENT

EXHIBIT "E"
Exclusive Area

The following describes the Exclusive Area within which Multi-Unit Operator may locate "The Beef Jerky Outlet" Stores under this Agreement:

APPROVED:

MULTI-UNIT OPERATOR

THE BEEF JERKY OUTLET FRANCHISE, INC.

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

THE BEEF JERKY OUTLET FRANCHISE, INC.
MULTI-UNIT OPERATOR AGREEMENT

EXHIBIT "F"
Multi-State Addendum

CALIFORNIA APPENDIX

1. California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning termination or non-renewal of a franchise. If the Franchise Agreement or Multi-Unit Operator Agreement contains provisions that are inconsistent with the law, the law will control.
2. The Franchise Agreement and Multi-Unit Operator Agreement provide for termination upon bankruptcy. This provision may not be enforceable under Federal Bankruptcy Law (11 U.S.C.A. Sec. 101 et seq.).
3. The Franchise Agreement and Multi-Unit Operator Agreement contain covenants not to compete which extend beyond the termination of the agreements. These provisions may not be enforceable under California law.
4. Section 31125 of the California Corporation Code requires the franchisor to provide you with a disclosure document before asking you to agree to a material modification of an existing franchise.
5. Neither the franchisor, any person or franchise broker in Item 2 of the Disclosure Document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 79a et seq., suspending or expelling such persons from membership in such association or exchange.
6. The Franchise Agreement and Multi-Unit Operator Agreement require binding arbitration. The arbitration will occur at Tennessee with the costs being borne equally by the parties. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.
7. The Franchise Agreement and Multi-Unit Operator Agreement require application of the laws of Tennessee. This provision may not be enforceable under California law.
8. You must sign a general release if you renew or transfer your franchise. California Corporation Code 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code 31000 through 31516). Business and Professions Code 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code 20000 through 20043).
9. THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT.
10. The Franchise Agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

11. OUR WEBSITE, www.thebeefjerkyoutlet.com, HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT at www.dbo.ca.gov.

ADDENDUM REQUIRED BY THE STATE OF ILLINOIS

1. The following item must be included within the Disclosure Document and shall replace the language that is in the Disclosure Document itself:

Section 4, Jurisdiction and Venue, of the Illinois Franchise Disclosure Act of 1987 (“Act”) states that “any provision in the franchise agreement which designates jurisdiction or venue in a forum outside of this State is void with respect to any cause of action which otherwise is enforceable in this State, provided that a franchise agreement may provide for arbitration in a forum outside of this State.” This Section of the Act replaces any contradictory language contained in the Franchise Agreement and Multi-Unit Operator Agreement.

2. Illinois law governs the Franchise Agreement and Multi-Unit Operator Agreement.

3. Any releases and/or waivers that we request you to sign must conform with Section 41, Waivers Void, of the Illinois Franchise Disclosure Act of 1987 which states that “any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act or any other law of this State is void. This Section shall not prevent any person from entering into a settlement agreement or executing a general release regarding potential or actual lawsuit filed under any of the provisions of this Act, nor shall it prevent the arbitration of any claim pursuant to the provisions of Title 9 of the United States Code.”

4. Under Illinois law at 200.608, Jurisdiction and Venue, a franchise agreement may not provide for a choice of law of any state other than Illinois. The Summary column of Items 17(v) and (w) of the Disclosure Document are amended to state “Illinois law”. The appropriate sections of the Franchise Agreement and Multi-Unit Operator Agreement are amended accordingly.

5. Article 17 of the Franchise Agreement and Section 19 of the Multi-Unit Operator Agreement are amended to comply with Section 27, Periods of Limitation, of the Act to allow any and all claims and actions arising out of or relating to these Agreements, the relationship of Franchisor and Franchisee and/or Multi-Unit Operator, or your operation of the Franchise brought by you against us shall be commenced within 3 years from the occurrence of the facts giving rise to such claim or action, within 1 year after you become aware of the facts or circumstances indicating you may have a claim for relief, or 90 days after delivery to you of a written notice disclosing the violation, or such claim or action will be barred.

6. Item 17(g) of the Disclosure Document, Article 14 of the Franchise Agreement and Section 9 of the Multi-Unit Operator Agreement are amended by changing the time frame to cure defaults, excluding defaults for safety or security issues, to 30 days.

ADDENDUM REQUIRED BY THE STATE OF INDIANA

1. To be added to Item 3 of the Disclosure Document, is the following statement:

There are presently no arbitration proceedings to which the Franchisor is a party.

2. Item 17 of the Disclosure Document is amended to reflect the requirement under Indiana Code 23-2-2.7-1 (9), which states that any post term non-compete covenant must not extend beyond the franchisee's exclusive territory.

3. Item 17 is amended to state that this is subject to Indiana Code 23-2-2.7-1 (10).

4. Under Indiana Code 23-2-2.7-1 (10), jurisdiction and venue must be in Indiana if the franchisee so requests. This amends Article 17 of the Franchise Agreement and Section 19 of the Multi-Unit Operator Agreement.

5. Under Indiana Code 23-2-2.7-1 (10), franchisee may not agree to waive any claims or rights.

ADDENDUM REQUIRED BY THE STATE OF MARYLAND

This will serve as the State Addendum for the State of Maryland for The Beef Jerky Outlet Franchise, Inc.'s Franchise Disclosure Document and for its Franchise and Multi-Unit Operator Agreements. The amendments to the Franchise and Multi-Unit Operator Agreements included in this addendum have been agreed to by the parties.

1. Item 17 of the Disclosure Document is amended to state that the general release required as a condition of renewal, sale and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

2. Item 17 of the Disclosure Document is amended to state that a franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

3. Item 17 of the Disclosure Document is amended to state that any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the franchise.

4. Item 17 of the Disclosure Document is amended to state that the provisions in the Franchise Agreement and Multi-Unit Operator Agreement which provide for termination upon bankruptcy of the franchisee/multi-unit operator may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).

5. The appropriate sections of the Franchise Agreement and Multi-Unit Operator Agreement are amended to permit a franchisee to bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

6. The appropriate sections of the Franchise Agreement and Multi-Unit Operator Agreement are amended to state that any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the franchise.

7. The appropriate sections of the Franchise Agreement and Multi-Unit Operator Agreement are amended to state that the general release required as a condition of renewal, sale and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

8. The Franchise Agreement, Multi-Unit Operator Agreement and Franchisee Disclosure Acknowledgment Statement are amended to include the following statement: "All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law."

DISCLOSURE REQUIRED BY THE STATE OF MICHIGAN

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

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

(g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:

(i) Failure of the proposed transferee to meet the franchisor's then-current reasonable qualifications or standards.

(ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.

(iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

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

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

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

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

If the franchisor's most recent financial statements are unaudited and show a net worth of less than \$100,000, franchisee has the right to request an escrow arrangement.

Any questions regarding this notice should be directed to:

Consumer Protection Division
Attn: Marilyn McEwen
525 W. Ottawa Street, 6th Floor
Lansing, Michigan 48933
(517) 373-7117

ADDENDUM REQUIRED BY THE STATE OF MINNESOTA

This addendum to the Disclosure Document is agreed to this ___ day of _____, 20___, and effectively amends and revises said Disclosure Document and Franchise Agreement and Multi-Unit Operator Agreement as follows:

1. Item 13 of the Disclosure Document and Article 5 of the Franchise Agreement are amended by the addition of the following language to the original language that appears therein:

“In accordance with applicable requirements of Minnesota law, Franchisor shall protect Franchisee’s right to use the trademarks, service marks, trade names, logotypes or other commercial symbols and/or shall indemnify Franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding such use.”

2. Item 17 of the Disclosure Document and Articles 12 and 14 of the Franchise Agreement are amended by the addition of the following language to the original language that appears therein:

“With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes Sec. 80C.14, Subds.3, 4 and 5, which require (except in certain specified cases) that a franchisee be given 90 days’ notice of termination (with 60 days to cure) and 180 days’ notice for non-renewal of the franchise agreement and that consent to the transfer of the franchise will not be unreasonably withheld.”

3. Item 17 of the Disclosure Document, Article 17 of the Franchise Agreement and Section 19 of the Multi-Unit Operator Agreement are amended by the addition of the following language to amend the Governing Law, Jurisdiction and Venue, and Choice of Forum sections:

“Minn. Stat. Sec. 80C.21 and Rule 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreements can abrogate or reduce any of the franchisee’s rights as provided for in Minnesota Statutes, Chapter 80C, or franchisee’s rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.”

4. Item 17 of the Disclosure Document, Articles 12 and 13 of the Franchise Agreement and Section 11 of the Multi-Unit Operator Agreement are amended by the addition of the following language to the original language that appears therein:

“Minn. Rule 2860.4400D prohibits us from requiring you to assent to a general release.”

5. Any reference to liquidated damages in the Franchise Agreement is hereby deleted in accordance with Minn. Rule 2860.4400J which prohibits requiring you to consent to liquidated damages.

6. Article 17 of the Franchise Agreement and Section 19 of the Multi-Unit Operator Agreement hereby amended to comply with Minn. Rule 2860.4400J which prohibits waiver of a jury trial.

7. Article 17 of the Franchise Agreement and Section 19 of the Multi-Unit Operator Agreement regarding Limitations of Claims is hereby amended to comply with Minn. Stat. §80C.17, Subd. 5.

8. Item 6, Insufficient Fund Fees: NSF fees are governed by Minnesota Statute 604.113; which puts a cap of \$30 on a NSF check. This applies to everyone in Minnesota who accepts checks except banks.

9. Under Minn. Rule 2860.440J, the franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. A court will determine if a bond is required.

The appropriate sections of the Franchise Agreement and Multi-Unit Operator Agreement are hereby amended accordingly.

ADDENDUM REQUIRED BY THE DEPARTMENT OF LAW OF THE STATE OF NEW YORK

The following Items are required to be included within the Disclosure Document and shall be deemed to supersede the language in the Disclosure Document itself:

3. LITIGATION

Neither the Franchisor, its Predecessor nor any person listed under Item 2 or an affiliate offering franchises under Franchisor's principal trademark:

- (A) has an administrative, criminal or civil action pending against that person alleging: a felony; a violation of a franchise, antitrust or securities law; fraud; embezzlement; fraudulent conversion; misappropriation of property; unfair or deceptive practices; or comparable civil or misdemeanor allegations.
- (B) has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the ten year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise; anti-fraud or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; unfair or deceptive practices; or comparable allegations.
- (C) is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

4. BANKRUPTCY

Neither the Franchisor, its affiliate, its predecessor, officers, or general partner during the ten year period immediately before the date of the disclosure document: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code (or any comparable foreign law); (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within one year after the officer or general partner of the Franchisor held this position in the company or partnership.

ADDENDUM REQUIRED BY THE STATE OF NORTH DAKOTA

This addendum to the Disclosure Document, Franchise Agreement and Multi-Unit Operator Agreement effectively amends and revises said documents as follows:

1. Item 17(c) of the Disclosure Document, Articles 12 and 13 of the Franchise Agreement and Section 11 of the Multi-Unit Operator Agreement are hereby amended to indicate that a franchisee shall not be required to sign a general release.

2. Covenants not to compete are generally considered unenforceable in the State of North Dakota, in accordance with Section 51-19-09 of the North Dakota Franchise Investment Law. Item 17(r) of the Disclosure Document, Article 15 of the Franchise Agreement and Section 12 of the Multi-Unit Operator Agreement are amended accordingly.

3. Item 6 and Item 17(i) of the Disclosure Document and Article 15 of the Franchise Agreement requires the franchisee to consent to termination or liquidated damages. Since the Commissioner has determined this to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law, these provisions are hereby deleted in each place they appear in the Disclosure Document and Franchise Agreement used in North Dakota.

4. Item 17(u) of the Disclosure Document, Article 17 of the Franchise Agreement and Section 19 of the Multi-Unit Operator Agreement are amended to provide that arbitration shall be held at a site that is agreeable to all parties.

5. Item 17(v) of the Disclosure Document and the provisions of Article 17 of the Franchise Agreement and Section 19 of the Multi-Unit Operator Agreement and which require jurisdiction of courts in Tennessee are deleted.

6. Item 17(w) of the Disclosure Document, Article 17 of the Franchise Agreement and Section 18 of the Multi-Unit Operator Agreement are amended to indicate that the agreements are to be construed according to the laws of the State of North Dakota.

7. Apart from civil liability as set forth in Section 51-19-12 N.D.C.C., which is limited to violations of the North Dakota Franchise Investment Law (registration and fraud), the liability of the franchisor to a franchisee is based largely on contract law. Despite the fact that those provisions are not contained in the franchise investment law, those provisions contain substantive rights intended to be afforded to North Dakota residents. Therefore, North Dakota franchisees will not be required to waive their rights under North Dakota law.

8. The provisions of Article 17 of the Franchise Agreement and Section 19 of the Multi-Unit Operator Agreement which require a franchisee to consent to (1) a waiver of trial by jury and (2) a waiver of exemplary and punitive damages are contrary to Section 51-19-09 of the North Dakota Franchise Investment Law and are hereby deleted.

9. The provisions of Article 17 of the Franchise Agreement and Section 19 of the Multi-Unit Operator Agreement which require a franchisee to consent to a limitation of claims are hereby amended to state that the statute of limitations under North Dakota law applies.

ADDENDUM REQUIRED BY THE STATE OF RHODE ISLAND

The following amends Item 17 and is required to be included within the Disclosure Document and shall be deemed to supersede the language in the Disclosure Document itself:

Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that:

“A provision in a franchise agreement restricting jurisdiction or venue to a forum outside of this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.”

ADDENDUM REQUIRED BY THE COMMONWEALTH OF VIRGINIA

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for The Beef Jerky Outlet Franchise, Inc. for use in the Commonwealth of Virginia shall be amended as follows:

1. Additional Disclosure: The following statements are added to Item 17.h:

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the franchise agreement and development agreement does not constitute “reasonable cause,” as that the term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, the provision may not be enforceable.

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee to surrender any right given to him under the franchise. If any provision of the Franchise Agreement involves the use of undue influence by the franchisor to induce a franchisee to surrender any rights given to him under the franchise, that provision may not be enforceable.

ADDENDUM REQUIRED BY THE STATE OF WASHINGTON

The State of Washington has a statute, RCW 19.100.180, which may supersede the Franchise Agreement in your relationship with the Franchisor, including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the Franchise Agreement in your relationship with the Franchisor, including the areas of termination and renewal of your franchise.

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

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.

A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel.

Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act or rights or remedies under the Act, such as a right to a jury trial, may not be enforceable.

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

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Addendum dated this _____ day of _____, 20____.

ATTEST

THE BEEF JERKY OUTLET FRANCHISE, INC.

Witness

By: _____
Name: _____
Title: _____

Witness

FRANCHISEE:

EXHIBIT D TO THE DISCLOSURE DOCUMENT
FINANCIAL STATEMENTS

The Beef Jerky Outlet Franchise, Inc.
c/o Paul Lyons
1437 Rochester
TROY, MI 48083

DECEMBER 31, 2013



DONALD W. STROM, CPA, PC
Certified Public Accountants

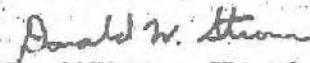
Board of Directors
The Beef Jerky Outlet Franchise, Inc.
Troy, Michigan

I have examined the accompanying balance sheet of The Beef Jerky Outlet Franchise, Inc., as of December 31, 2013 and the related income statement, statement of cash flows and changes in stockholder's equity for the year then ended. These financial statements are the responsibility of The Beef Jerky Outlet Franchise, Inc. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financials are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the plan, as well as evaluating the overall financial statement presentation. I believe that my audit provide a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Beef Jerky Outlet Franchise, Inc. as of December 31, 2013, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United State of America.

Respectfully submitted,


Donald W. Strom, CPA, PC

March 28, 2014

The Beef Jerky Outlet Franchise, Inc.
BALANCE SHEET
As of December 31, 2013

ASSETS

CURRENT ASSETS

TENNESSEE STATE BANK	\$	113,223.15
TENNESSEE STATE BANK/NATIONAL		34,241.04
N/R-RILO ENTERPRISES, INC.		31,893.97
STATE OF TENN EST		<u>100.00</u>

Total Current Assets 179,458.16

PROPERTY AND EQUIPMENT

FIXTURES AND EQUIPMENT	2,303.82
LESS: ACCUMULATED DEPRECIATION	<u>(2,171.78)</u>

Net Property and Equipment 132.04

OTHER ASSETS

BJO RICHMOND	52,492.11
FRANCHISE ORGANIZATIONAL COSTS	97,579.14
ACCUMULATED AMORTIZATION EXPEN	<u>(32,964.67)</u>

Total Other Assets 117,106.58

TOTAL ASSETS \$296,696.78

The Beef Jerky Outlet Franchise, Inc.

BALANCE SHEET

As of December 31, 2013

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES

NATIONAL MARKETING PAYABLE	\$	34,241.04
ACCOUNTS PAYABLE		<u>773.36</u>

Total Current Liabilities 35,014.40

LONG-TERM LIABILITIES

N/P-PARKER	100,000.00
N/P-GRILLO	50,000.00
N/P-JERKY STORES, INC.	<u>50,000.00</u>

Total Long-Term Liabilities 200,000.00

Total Liabilities 235,014.40

STOCKHOLDERS' EQUITY

ISSUED CAPITAL STOCK	100,000.00
AAA-PARKER	(61,786.63)
AAA-GRILLO	(30,815.62)
AAA-LYONS	(30,815.64)
NET PROFIT (or LOSS)	<u>85,100.27</u>

Total Stockholders' Equity 61,682.38

**TOTAL LIABILITIES AND
STOCKHOLDERS' EQUITY** \$296,696.78

The Beef Jerky Outlet Franchise, Inc.
INCOME STATEMENT
December 31, 2013

	12 Months Ended	
	12/31/13	%
Income		
FRANCHISE ROYALTIES	\$ 167,860.28	32.41
FRANCHISE FEES	350,000.00	67.59
Less Returns & Allowances	<u>0.00</u>	<u>0.00</u>
Total Sales	<u>517,860.28</u>	<u>100.00</u>
Operating Expenses		
OUTSIDE SERVICES	127,054.35	24.53
OPERATING SUPPLIES	14,265.81	2.75
FREIGHT AND POSTAGE	1,912.95	0.37
MANAGEMENT EXPENSE	35,280.75	6.81
RENT	1,950.00	0.38
REPAIRS AND MAINTENANCE EQUI	93.29	0.02
TRADE SHOWS	18,671.72	3.61
ADVERTISING AND PROMOTION	63,980.83	12.35
INSURANCE-GENERAL	695.46	0.13
MEALS AND ENTERTAINMENT	2,392.14	0.46
REGISTRATION FEES	3,100.00	0.60
PERMITS AND LICENSES	150.00	0.03
INTEREST EXPENSE	10,833.70	2.09
VEHICLE EXPENSES	513.56	0.10
TRAVEL EXPENSE	27,647.40	5.34
COMMISSIONS	81,375.00	15.71
LEGAL AND ACCOUNTING	32,110.59	6.20
OFFICE EXPENSES	3,401.31	0.66
BANK CHARGES	180.00	0.03
DEPRECIATION	88.02	0.02
AMORTIZATION EXPENSE	6,505.28	1.26
DUES AND SUBSCRIPTIONS	<u>4,016.97</u>	<u>0.78</u>
Total Operating Expenses	<u>436,219.13</u>	<u>84.23</u>
Operating Income (Loss)	<u>81,641.15</u>	<u>15.77</u>
Other Income		
FINANCE CHARGES	<u>3,459.12</u>	<u>0.67</u>
Total Other Income (Loss)	<u>3,459.12</u>	<u>0.67</u>
Net Income (Loss)	<u>\$ 85,100.27</u>	<u>16.43</u>

**The Beef Jerky Outlet Franchise, Inc.
COMPARATIVE INCOME STATEMENTS**

	12 Months Ended December 31, 2013	12 Months Ended December 31, 2012
Sales		
FRANCHISE ROYALTIES	\$ 167,860.28	\$ 93,304.64
FRANCHISE ADV/MARKETING	0.00	27,000.31
FRANCHISE FEES	350,000.00	35,750.00
Less: Returns & Allowances	<u>0.00</u>	<u>0.00</u>
Total Sales	<u>617,860.28</u>	<u>156,054.95</u>
 Gross Profit	 <u>517,860.28</u>	 <u>156,054.95</u>
Operating Expenses		
OUTSIDE SERVICES	127,054.35	20,379.39
OPERATING SUPPLIES	14,265.81	2,071.41
FREIGHT AND POSTAGE	1,912.95	435.49
MANAGEMENT EXPENSE	35,280.75	0.00
RENT	1,950.00	0.00
REPAIRS AND MAINTENANCE	93.29	0.00
TRADE SHOWS	18,871.72	6,661.88
ADVERTISING AND PROMOTIO	63,980.83	21,169.52
INSURANCE-GENERAL	695.46	400.00
MEALS AND ENTERTAINMENT	2,392.14	964.10
REGISTRATION FEES	3,100.00	1,112.50
PERMITS AND LICENSES	150.00	0.00
INTEREST EXPENSE	10,833.70	9,222.41
VEHICLE EXPENSES	513.56	276.40
TRAVEL EXPENSE	27,647.40	7,859.97
COMMISSIONS	81,375.00	2,500.00
LEGAL AND ACCOUNTING	32,110.59	14,775.49
OFFICE EXPENSES	3,401.31	2,174.09
BANK CHARGES	180.00	205.00
DEPRECIATION	88.02	2,064.46
AMORTIZATION EXPENSE	6,505.28	5,838.61
DUES AND SUBSCRIPTIONS	<u>4,016.97</u>	<u>1,500.00</u>
Total Operating Expenses	<u>436,219.13</u>	<u>99,632.70</u>
Operating Income	<u>81,641.15</u>	<u>56,422.25</u>
Other Income		
FINANCE CHARGES	<u>3,459.12</u>	<u>0.00</u>
Total Other Income	<u>3,459.12</u>	<u>0.00</u>
Other Expenses		
PENALTIES	0.00	50.00
STATE CORP TAX	<u>0.00</u>	<u>100.00</u>
Total Other Expenses	<u>0.00</u>	<u>150.00</u>
 Net Income	 <u>\$ 85,100.27</u>	 <u>\$ 56,272.25</u>

The Beef Jerky Outlet Franchise, Inc.
STATEMENT OF CASH FLOWS
For the 12 months Ended December 31, 2013

CASH FLOWS FROM OPERATING ACTIVITIES

Net Income (Loss)	\$ 85,100.27
Adjustments to reconcile Net Income (Loss) to net Cash provided by (used in) operating activities:	
Depreciation and Amortization	6,593.30
Losses (Gains) on sales of Fixed Assets	0.00
Decrease (Increase) in Operating Assets:	
Prepays / Other Current	(31,893.97)
Increase (Decrease) in Operating Liabilities:	
Accounts Payable	773.36
Accrued Liabilities	<u>34,241.04</u>
Total Adjustments	<u>9,713.73</u>
Net Cash Provided By (Used in) Operating Activities	94,814.00

CASH FLOWS FROM INVESTING ACTIVITIES

Capital Expenditures	0.00
Franchise investments	131,729.54
Proceeds From Sale of Fixed Assets	<u>0.00</u>
Net Cash Provided By (Used In) Investing Activities	131,729.54

CASH FLOWS FROM FINANCING ACTIVITIES

Stockholder loans	829.75
Accumulated Adjustment Accounts	(176,177.31)
Proceeds From Sale of Stock	<u>0.00</u>
Net Cash Provided By (Used In) Financing Activities	<u>(175,347.56)</u>

**NET INCREASE (DECREASE) IN CASH
AND CASH EQUIVALENTS**

51,195.98

CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD

96,268.21

CASH AND CASH EQUIVALENTS AT END OF PERIOD

\$ 147,464.19

The Beef Jerky Outlet Franchise, Inc.
STATEMENT OF SHAREHOLDERS EQUITY-AAA
As of December 31, 2013 and December 31, 2012

	Beginning Equity	Contributions	Withdrawals	Income (Loss) Distributions	Ending Equity	%
Shareholder 1	\$ (11,847.22)	\$ 10,595.62	\$ 582.52	\$ 27,721.25	\$ 25,887.13	49.85
Shareholder 2	(5,923.60)	5,297.81	213.56	13,860.62	13,021.27	25.08
Shareholder 3	(5,923.60)	5,937.04	852.80	13,860.63	13,021.27	25.07
Shareholder 4	0.00	0.00	0.00	0.00	0.00	0.00%
Prior Balance at December 31, 2012	\$ (23,694.42)	\$ 21,830.47	\$ 1,648.88	\$ 55,442.50	\$ 51,929.67	100.00%
Shareholder 1	\$ 25,887.13	\$ 414.88	\$ 86,068.64	\$ 42,935.81	\$ (18,849.82)	50.21
Shareholder 2	13,021.27	207.44	44,044.33	21,468.41	(9,347.21)	24.90
Shareholder 3	13,021.27	207.43	44,044.34	21,468.41	(9,347.23)	24.89
Shareholder 4	0.00	0.00	0.00	0.00	0.00	0.00%
Current Balance at December 31, 2013	\$ 51,929.67	\$ 829.75	\$ 176,177.31	\$ 85,873.63	\$ (37,544.26)	100.00%

The Beef Jerky Outlet Franchise, Inc.
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

Note A: SIGNIFICANT ACCOUNTING POLICIES

Organization

The Beef Jerky Outlet franchise, Inc. is a corporation organized under the laws of the State of Michigan. The company has elected to be taxed as a corporation for federal income tax purposes.

Property & Equipment

All Property & Equipment are recorded at cost, and are being depreciated in accordance with applicable income tax requirements for depreciation. There are no material differences between the depreciation methods for federal income tax purposes and generally accepted accounting principles of the United States of America.

Franchise Organizational Costs

All Franchise Organizational Costs are recorded at cost, and are being amortized in accordance with applicable income tax requirements for amortization. There are no material differences between the amortization methods for federal income tax purposes and generally accepted accounting principles of the United States of America.

Note B: LONG TERM DEBT

All Long Term Debt is payable to related parties. It is renewable annually and bears annual interest rate of 5%. The company is up to date on interest payments



DONALD W. STROM, CPA, PC
Certified Public Accountants

Board of Directors
The Beef Jerky Outlet Franchise, Inc.
Troy, Michigan

I have examined the accompanying balance sheet of The Beef Jerky Outlet Franchise, Inc., as of December 31, 2012 and the related income statement, statement of cash flows and changes in stockholder's equity for the year then ended. These financial statements are the responsibility of The Beef Jerky Outlet Franchise, Inc. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financials are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the plan, as well as evaluating the overall financial statement presentation. I believe that my audit provide a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Beef Jerky Outlet Franchise, Inc. as of December 31, 2012, and the results of its operations for the year then ended in conformity with generally accepted accounting principles in the United States of America.

Respectfully submitted,

A handwritten signature in cursive script that reads 'Donald W. Strom'.

Donald W. Strom, CPA, PC

March 6, 2013

The Beef Jerky Outlet Franchise, Inc.
BALANCE SHEET
As of December 31, 2012 and 2011

ASSETS

	<u>2012</u>	<u>2011</u>
CURRENT ASSETS		
TENNESSEE STATE BANK	\$ 96,268.21	\$ 2,886.13
STATE OF TENN EST	<u>100.00</u>	<u>100.00</u>
Total Current Assets	<u>96,368.21</u>	<u>2,986.13</u>
PROPERTY AND EQUIPMENT		
FIXTURES AND EQUIPMENT	2,303.82	386.07
Less: Accumulated Depreciation	<u>(2,083.76)</u>	<u>(19.30)</u>
Net Property and Equipment	<u>220.06</u>	<u>366.77</u>
OTHER ASSETS		
BJO LOUISIANA	113,993.68	120,835.33
BJO NORTH CAROLINA	(14,697.04)	89,424.09
BJO RICHMOND	84,925.01	0.00
FRANCHISE ORGANIZATIONAL COST	97,579.14	97,579.14
ACCUMULATED AMORTIZATION EXPE	<u>(26,459.39)</u>	<u>(20,620.78)</u>
Total Other Assets	<u>255,341.40</u>	<u>287,217.78</u>
TOTAL ASSETS	<u>\$ 351,929.67</u>	<u>\$ 290,570.68</u>

The Beef Jerky Outlet Franchise, Inc.
BALANCE SHEET
As of December 31, 2012 and 2011

LIABILITIES AND STOCKHOLDERS' EQUITY

	<u>2012</u>	<u>2011</u>
CURRENT LIABILITIES		
DUE CITICARD	\$ 0.00	\$ 10,911.41
Total Current Liabilities	<u>0.00</u>	<u>10,911.41</u>
LONG-TERM LIABILITIES		
N/P-PARKER	100,000.00	101,676.85
N/P-GRILLO	50,000.00	50,838.42
N/P-JERKY STORES, INC.	<u>50,000.00</u>	<u>50,838.42</u>
Total Long-Term Liabilities	<u>200,000.00</u>	<u>203,353.69</u>
Total Liabilities	<u>200,000.00</u>	<u>214,265.10</u>
STOCKHOLDERS' EQUITY		
Capital Stock	100,000.00	100,000.00
Retained Earnings	<u>51,929.67</u>	<u>(23,694.42)</u>
Total Stockholders' Equity	<u>151,929.67</u>	<u>76,305.58</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$ 351,929.67</u>	<u>\$ 290,570.68</u>

The Beef Jerky Outlet Franchise, Inc.
INCOME STATEMENT
December 31, 2012

	12 Months Ended	
	12/31/12	%
Income		
FRANCHISE ROYALTIES	\$ 93,304.64	59.79
FRANCHISE ADV/MARKETING	27,000.31	17.30
FRANCHISE FEES	35,750.00	22.91
Less Returns & Allowances	<u>0.00</u>	<u>0.00</u>
Total Sales	<u>156,054.95</u>	<u>100.00</u>
Operating Expenses		
OUTSIDE SERVICES	20,379.39	13.06
OPERATING SUPPLIES	2,071.41	1.33
FREIGHT AND POSTAGE	435.49	0.28
TRADE SHOWS	6,661.86	4.27
ADVERTISING AND PROMOTION	21,169.52	13.57
INSURANCE-GENERAL	400.00	0.26
MEALS AND ENTERTAINMENT	984.10	0.63
REGISTRATION FEES	1,112.50	0.71
INTEREST EXPENSE	10,052.16	6.44
VEHICLE EXPENSES	278.40	0.18
TRAVEL EXPENSE	7,859.97	5.04
COMMISSIONS	2,500.00	1.60
LEGAL AND ACCOUNTING	14,775.49	9.47
OFFICE EXPENSES	2,174.09	1.39
BANK CHARGES	205.00	0.13
DEPRECIATION	2,064.46	1.32
AMORTIZATION EXPENSE	5,838.61	3.74
DUES AND SUBSCRIPTIONS	<u>1,500.00</u>	<u>0.96</u>
Total Operating Expenses	<u>100,462.45</u>	<u>64.38</u>
Operating Income (Loss)	<u>55,592.50</u>	<u>35.62</u>
Other Expenses		
PENALTIES	50.00	0.03
STATE CORP TAX	<u>100.00</u>	<u>0.06</u>
Total Other Expenses	<u>150.00</u>	<u>0.10</u>
Net Income (Loss)	<u>\$ 55,442.50</u>	<u>35.53</u>

The Beef Jerky Outlet Franchise, Inc.
STATEMENT OF CASH FLOWS
For the 12 months Ended December 31, 2012

CASH FLOWS FROM OPERATING ACTIVITIES

Net Income (Loss)	\$ 55,442.50
Adjustments to reconcile Net Income (Loss) to net Cash provided by (used in) operating activities:	
Depreciation and Amortization	7,903.07
Losses (Gains) on sales of Fixed Assets	0.00
Decrease (Increase) in Operating Assets:	
Increase (Decrease) in Operating Liabilities:	
Accrued Liabilities	<u>(10,911.41)</u>
Total Adjustments	<u>(3,008.34)</u>
Net Cash Provided By (Used in) Operating Activities	52,434.16

CASH FLOWS FROM INVESTING ACTIVITIES

Capital Expenditures	(1,917.75)
Franchise investments	26,037.77
Proceeds From Sale of Fixed Assets	<u>0.00</u>
Net Cash Provided By (Used In) Investing Activities	24,120.02

CASH FLOWS FROM FINANCING ACTIVITIES

Stockholder loans	(3,353.69)
Accumulated Adjustment Accounts	20,181.59
Proceeds From Sale of Stock	<u>0.00</u>
Net Cash Provided By (Used In) Financing Activities	<u>16,827.90</u>

**NET INCREASE (DECREASE) IN CASH
AND CASH EQUIVALENTS**

93,382.08

CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD

2,886.13

CASH AND CASH EQUIVALENTS AT END OF PERIOD

\$ 96,268.21

The Beef Jerky Outlet Franchise, Inc.
STATEMENT OF SHAREHOLDERS EQUITY-AAA
As of December 31, 2012 and December 31, 2011

	<u>Beginning Equity</u>	<u>Contributions</u>	<u>Withdrawals</u>	<u>Income (Loss) Distributions</u>	<u>Ending Equity</u>	<u>%</u>
Shareholder 1	\$ (6,357.85)	\$ 10,000.00	\$ 0.00	\$ (15,489.37)	\$ (11,847.22)	50.00%
Shareholder 2	(3,178.92)	5,000.00	0.00	(7,744.68)	(5,923.60)	25.00%
Shareholder 3	(3,178.92)	5,000.00	0.00	(7,744.68)	(5,923.60)	25.00%
Shareholder 4	0.00	0.00	0.00	0.00	0.00	0.00%
Prior Balance at December 31, 2011	<u>\$ (12,715.69)</u>	<u>\$ 20,000.00</u>	<u>\$ 0.00</u>	<u>\$ (30,978.73)</u>	<u>\$ (23,694.42)</u>	<u>100.00%</u>
Shareholder 1	\$ (11,847.22)	\$ 10,595.62	\$ 582.52	\$ 27,721.25	\$ 25,887.13	49.84%
Shareholder 2	(5,923.60)	5,297.81	213.56	13,860.62	13,021.27	25.08%
Shareholder 3	(5,923.60)	5,937.04	852.80	13,860.63	13,021.27	25.08%
Shareholder 4	0.00	0.00	0.00	0.00	0.00	0.00%
Current Balance at December 31, 2012	<u>\$ (23,694.42)</u>	<u>\$ 21,830.47</u>	<u>\$ 1,648.88</u>	<u>\$ 55,442.50</u>	<u>\$ 51,929.67</u>	<u>100.00%</u>

The Beef Jerky Outlet Franchise, Inc.
Notes to Financial Statements
December 31, 2012

1. Accounting Policies

These Financial Statements have been compiled in accordance with general accounting principles of the United States of America. A summary of The Beef Jerky Outlet Franchise, Inc.'s accounting policies are as follows:

Financial statement presentation is on the accrual basis.

Automobiles, Furniture & Fixtures, Equipment and Buildings are stated at cost, less accumulated depreciation or amortization as separately stated.

The corporation elects under Section 248 to amortize the franchise organization costs over a period of 180 months as current deductions in the year active trade or business begins.

The National Marketing Payable balance corresponds to the monies held in the Tennessee State Bank/National account reserved for the purpose of national marketing programs.

2. Property and Equipment

Property and Equipment at December 31, 2012 and December 31, 2011 consist of:

	<u>2012</u>	<u>2011</u>
FIXTURES AND EQUIPMENT	\$ <u>2,303.82</u>	\$ <u>386.07</u>
	2,303.82	386.07
Less: Accumulated Depreciation	<u>(2,083.76)</u>	<u>(19.30)</u>
	<u>\$ 220.06</u>	<u>\$ 366.77</u>

Depreciation of Property and Equipment for the years ended December 31, 2012 and December 31, 2011 were 2,064.46 and 19.30



DONALD W. STROM, CPA, PC
Certified Public Accountants

Board of Directors
The Beef Jerky Outlet Franchise, Inc.
Troy, Michigan

I have examined the accompanying balance sheet of The Beef Jerky Outlet Franchise, Inc., as of December 31, 2011 and the related income statement, statement of cash flows and changes in stockholder's equity for the year then ended. These financial statements are the responsibility of The Beef Jerky Outlet Franchise, Inc. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financials are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the plan, as well as evaluating the overall financial statement presentation. I believe that my audit provide a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Beef Jerky Outlet Franchise, Inc. as of December 31, 2011, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United State of America.

Respectfully submitted,

A handwritten signature in black ink that reads 'Donald W. Strom'.

Donald W. Strom, CPA, PC

May 21, 2012

The Beef Jerky Outlet Franchise, Inc.
BALANCE SHEET
As of December 31, 2011 and 2010

ASSETS

	<u>2011</u>	<u>2010</u>
CURRENT ASSETS		
TENNESSEE STATE BANK	\$ 2,886.13	\$ 4,487.34
STATE OF TENN EST	<u>100.00</u>	<u>0.00</u>
Total Current Assets	<u>2,986.13</u>	<u>4,487.34</u>
PROPERTY AND EQUIPMENT		
FIXTURES AND EQUIPMENT	386.07	0.00
Less: Accumulated Depreciation	<u>(19.30)</u>	<u>0.00</u>
Net Property and Equipment	<u>366.77</u>	<u>0.00</u>
OTHER ASSETS		
BJO LOUISIANA	120,835.33	0.00
BJO NORTH CAROLINA	89,424.09	0.00
FRANCHISE ORGANIZATIONAL COST	97,579.14	97,579.14
ACCUMULATED AMORTIZATION EXPE	<u>(20,620.78)</u>	<u>(14,782.17)</u>
Total Other Assets	<u>287,217.78</u>	<u>82,796.97</u>
TOTAL ASSETS	<u>\$ 290,570.68</u>	<u>\$ 87,284.31</u>

The Beef Jerky Outlet Franchise, Inc.
BALANCE SHEET
As of December 31, 2011 and 2010

LIABILITIES AND STOCKHOLDERS' EQUITY

	<u>2011</u>	<u>2010</u>
CURRENT LIABILITIES		
DUE CITICARD	\$ <u>10,911.41</u>	\$ <u>0.00</u>
Total Current Liabilities	<u>10,911.41</u>	<u>0.00</u>
LONG-TERM LIABILITIES		
N/P-PARKER	101,676.85	0.00
N/P-GRILLO	50,838.42	0.00
N/P-JERKY STORES, INC.	<u>50,838.42</u>	<u>0.00</u>
Total Long-Term Liabilities	<u>203,353.69</u>	<u>0.00</u>
Total Liabilities	<u>214,265.10</u>	<u>0.00</u>
STOCKHOLDERS' EQUITY		
Capital Stock	100,000.00	100,000.00
Retained Earnings	<u>(23,694.42)</u>	<u>(12,715.69)</u>
Total Stockholders' Equity	<u>76,305.58</u>	<u>87,284.31</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$ <u>290,570.68</u></u>	<u>\$ <u>87,284.31</u></u>

The Beef Jerky Outlet Franchise, Inc.
INCOME STATEMENT
December 31, 2011

	12 Months Ended	
	12/31/11	%
Income		
FRANCHISE ROYALTIES	\$ 24,317.14	56.54
FRANCHISE ADV/MARKETING	8,695.40	20.22
FRANCHISE FEES	10,000.00	23.25
Less Returns & Allowances	<u>0.00</u>	<u>0.00</u>
Total Sales	<u>43,012.54</u>	<u>100.00</u>
Operating Expenses		
OPERATING SUPPLIES	80.09	0.19
FREIGHT AND POSTAGE	636.30	1.48
TRADE SHOWS	19,530.71	45.41
ADVERTISING AND PROMOTION	10,811.49	25.14
INSURANCE-GENERAL	400.00	0.93
MEALS AND ENTERTAINMENT	1,469.54	3.42
REGISTRATION FEES	2,027.00	4.71
INTEREST EXPENSE	3,385.60	7.87
VEHICLE EXPENSES	1,567.29	3.64
TRAVEL EXPENSE	8,506.06	19.78
LEGAL AND ACCOUNTING	17,081.14	39.71
OFFICE EXPENSES	2,342.14	5.45
BANK CHARGES	196.00	0.46
DEPRECIATION	19.30	0.04
AMORTIZATION EXPENSE	<u>5,838.61</u>	<u>13.57</u>
Total Operating Expenses	<u>73,891.27</u>	<u>171.79</u>
Operating Income (Loss)	<u>(30,878.73)</u>	<u>(71.79)</u>
Other Expenses		
STATE CORP TAX	<u>100.00</u>	<u>0.23</u>
Total Other Expenses	<u>100.00</u>	<u>0.23</u>
Net Income (Loss)	<u>\$ (30,978.73)</u>	<u>(72.02)</u>

The Beef Jerky Outlet Franchise, Inc.
STATEMENT OF CASH FLOWS
For the 12 months Ended December 31, 2011

CASH FLOWS FROM OPERATING ACTIVITIES	
Net Income (Loss)	\$ (30,978.73)
Adjustments to reconcile Net Income (Loss) to net Cash provided by (used in) operating activities:	
Depreciation and Amortization	5,857.91
Losses (Gains) on sales of Fixed Assets	0.00
Decrease (Increase) in Operating Assets:	
Prepays / Other Current	(100.00)
Increase (Decrease) in Operating Liabilities:	
Accrued Liabilities	<u>10,911.41</u>
Total Adjustments	<u>16,669.32</u>
Net Cash Provided By (Used in) Operating Activities	(14,309.41)
CASH FLOWS FROM INVESTING ACTIVITIES	
Capital Expenditures	(386.07)
Franchise investments	(210,259.42)
Proceeds From Sale of Fixed Assets	<u>0.00</u>
Net Cash Provided By (Used In) Investing Activities	(210,645.49)
CASH FLOWS FROM FINANCING ACTIVITIES	
Stockholder loans	203,353.69
Accumulated Adjustment Accounts	20,000.00
Proceeds From Sale of Stock	<u>0.00</u>
Net Cash Provided By (Used In) Financing Activities	<u>223,353.69</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,601.21)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	<u>4,487.34</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>\$ 2,886.13</u>

**The Beef Jerky Outlet Franchise, Inc.
STATEMENT OF SHAREHOLDERS EQUITY-AAA
As of December 31, 2011 and December 31, 2010**

	<u>Beginning Equity</u>	<u>Contributions</u>	<u>Withdrawals</u>	<u>Income (Loss) Distributions</u>	<u>Ending Equity</u>	<u>%</u>
Shareholder 1	\$ 0.00	\$ 0.00	\$ 0.00	\$ (6,357.85)	\$ (6,357.85)	50.00%
Shareholder 2	0.00	0.00	0.00	(3,178.92)	(3,178.92)	25.00%
Shareholder 3	0.00	0.00	0.00	(3,178.92)	(3,178.92)	25.00%
Shareholder 4	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00%</u>
Prior Balance at December 31, 2010	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ (12,715.69)</u>	<u>\$ (12,715.69)</u>	<u>100.00%</u>
Shareholder 1	\$ (6,357.85)	\$ 10,000.00	\$ 0.00	\$ (15,489.37)	\$ (11,847.22)	50.00%
Shareholder 2	(3,178.92)	5,000.00	0.00	(7,744.68)	(5,923.60)	25.00%
Shareholder 3	(3,178.92)	5,000.00	0.00	(7,744.68)	(5,923.60)	25.00%
Shareholder 4	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00%</u>
Current Balance at December 31, 2011	<u>\$ (12,715.69)</u>	<u>\$ 20,000.00</u>	<u>\$ 0.00</u>	<u>\$ (30,978.73)</u>	<u>\$ (23,694.42)</u>	<u>100.00%</u>

The Beef Jerky Outlet Franchise, Inc.
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

Note A: SIGNIFICANT ACCOUNTING POLICIES

Organization

The Beef Jerky Outlet franchise, Inc. is a corporation organized under the laws of the State of Michigan. The company has elected to be taxed as a corporation for federal income tax purposes.

Property & Equipment

All Property & Equipment are recorded at cost, and are being depreciated in accordance with applicable income tax requirements for depreciation. There are no material differences between the depreciation methods for federal income tax purposes and generally accepted accounting principles.

Franchise Organizational Costs

All Franchise Organizational Costs are recorded at cost, and are being amortized in accordance with applicable income tax requirements for amortization. There are no material differences between the amortization methods for federal income tax purposes and generally accepted accounting principles.

Note B: LONG TERM DEBT

All Long Term Debt is payable to related parties. It is renewable annually and bears annual interest rate of 5%. The company is up to date on interest payments

EXHIBIT E TO THE DISCLOSURE DOCUMENT

LIST OF FRANCHISEES AND MULTI-UNIT OPERATORS

Active Franchisees:

Florida	
Scharlean Cooper 34940 Emerald Cost Pkwy Destin, FL 32541 850-460-2336	David Engh 12951 Metro Parkway, #12 Fort Myers, FL 33966 239-561-6900
Ricky Cox 100 St. George Street St. Augustine, FL 32084 904-319-0778	
Louisiana	
RILO Enterprises Richard Lemoine 660 Boardwalk Boulevard Bossier City, LA 71111 318-459-7801	RILO Enterprises Richard Lemoine 240 Range 12 Blvd., Suite 107 Denham Spring, LA 70726 225-664-7834
RILO Enterprises Richard Lemoine 2819 W. Cabelas Parkway, Suite B Gonzalez, LA 70737 225-664-9935	
Missouri	
Bob Hathaway 2005 W State Highway 76, Suite 208 Branson, MO 65616 417-348-0022	Lone Mountain Enterprises, LLC Bob Hathaway 288 W Sunshine Street Springfield, MO 65807 417-720-4502
North Carolina	
Todd & Lisa Adams 7741 Gateway Lane, NW Concord, NC 28027 704-971-7159	
South Carolina	
SC Jerky, LLC Steven Crane 1025 Woodruff Road, Suite D-113 Greenville, SC 29607 864-509-6944	

Texas	
Craig Dinwiddie 4441 Bass Pro Drive Unit 500 Garland, TX 75043 972-203-2337	
Virginia	
Allen & Kelly Musick 11670 Lake Ridge, Suite 2B Ashland, VA 23005 225-383-2564	Julie Gobble & David Harless 3101 Lee Highway Bristol, VA 24202 276-644-4663
Wisconsin	
DeYoung Enterprises, LLC Doreen & Dan DeYoung 75 Gasser Road, Suite F Lake Delton, WI 53940 608-253-2211	

Franchisees Who Have Not Opened Their Stores as of Dec 31, 2013:

Julie Gobble & David Harless Bristol, TN	Joe Guerra Corpus Christi, TX
Anly Enterprise, LLC Jennifer Vancor Flowood, MS	Bruce Cartwright Wheeling, WV
Bruce Cartwright Charleston, WV	Clint Hall Cypress, TX
Clint Hall Katy, TX	Clint Hall Galveston, TX

Active Multi-Unit Operators:

RILO Enterprises Richard Lemoine 138 Fortune Loop Pineville, LA 71360 214-727-3285	Julie Gobble & David Harless 150 Lakeview Estate Dr. Bristol, TN 37620 276-792-1127
Clint Hall 18206 Cobblestone Drive Cypress, TX 77429	Bruce & Tina Cartwright 3 Anchors Way Winfield, WV 25213

EXHIBIT F TO THE DISCLOSURE DOCUMENT

FRANCHISEES AND MULTI-UNIT OPERATORS WHO HAVE LEFT THE SYSTEM

Ricky Cox St. Augustine, FL 321-276-7734 Unit Transferred in 2013	
--	--

EXHIBIT G TO THE DISCLOSURE DOCUMENT

TABLE OF CONTENTS OF THE OPERATIONS MANUAL

**THE BEEF JERKY OUTLET
FRANCHISE OPERATIONS MANUAL
Master Table of Contents**



**A
INTRODUCTION**

Letter from the Founders.....A-1

The Beef Jerky Outlet Support Team FoundersA-2

The Beef Jerky Outlet Photographic Tour.....A-5

Services of the Franchisor OrganizationA-11

Responsibilities of The Beef Jerky Outlet Franchisee.....A-14

Visits from the Corporate OfficeA-17

 Your Field Consultant.....A-18

 Field Visit Confirmation.....A-19

 Franchise Survey Form.....A-20

Master Table of Contents

Page 2

B

ESTABLISHING THE BEEF JERKY OUTLET STORE

Introduction	B-1
Selecting Your Business Type	B-2
Your Status as a Franchisee.....	B-7
Required Hardware and Software.....	B-9
Required/Recommended Bank Accounts	B-10
Required Insurance Coverages	B-12
Selecting Your Site.....	B-14
Obtaining the Franchisor's Approval of Your Site	B-15
Site Selection Approval Letter	B-16
Negotiating and Signing the Lease	B-17
Obtaining the Franchisor's Approval of the Lease	B-20
Required Lease Inclusions.....	B-21
Developing Your Site	B-24
Special Licenses and Permits	B-25
Local Health Department.....	B-26
Contracting Utilities and Services.....	B-27
The Beef Jerky Outlet Décor Specifications.....	B-29
Signage and Logo Specifications.....	B-30
Outdoor Signage Specifications and Estimate	B-31
Sample Logo	B-34

Master Table of Contents

Page 3

Required Equipment, Supplies and Furnishings	B-35
Required Initial Inventory.....	B-40
Paying Taxes	B-41
Federal Taxes	B-44
State Taxes	B-47
County or Town Taxes	B-49
Federal Tax Filing Checklist	B-50
Paying Additional Fees	B-51
The New Store Checklist.....	B-54
New Store Checklist.....	B-55

C

PERSONNEL

Introduction	C-1
Contacting The US Department of Labor and Local State Labor Bureaus	C-2
No Toleration Policy	C-3
Code of Conduct	C-4
Drug and Alcohol Policy	C-7
No Smoking Policy	C-11

Master Table of Contents

Page 4

Media Contact	C-12
Store Telephone Policy	C-13
Internet Policy.....	C-14
Use of Electronic Devices and Personal Cell Phones.....	C-15
Complying with the Department of Homeland Security.....	C-16
The Beef Jerky Outlet Policy on Sexual Harassment	C-18
A Profile of the Ideal The Beef Jerky Outlet Employee	C-20
The Recruitment and Selection Process.....	C-22
Application for Employment.....	C-25
10 Key Points to Interviewing	C-26
Red Flags	C-27
Introductory Interview Questions	C-28
Sample Interview Guide.....	C-29
Employee Check-Off Sheet.....	C-32
Protecting the Beef Jerky Outlet System	C-33
Sample Non-Disclosure and Non-Competition Agreement	C-34
Opening Personnel Files.....	C-35
The Trial Period.....	C-36
Establishing Personnel Policies	C-37
Personnel Policy Worksheet.....	C-38
Handbook Policy Sign-Off Sheet	C-43

Master Table of Contents

Page 5

Job Descriptions.....	C-44
Owner/Manager.....	C-45
Sales Associate.....	C-49
Orientation and Training of Personnel.....	C-51
Employee Training Outline.....	C-53
Three-Day Training Schedule.....	C-55
Scheduling Employee Work Hours.....	C-56
Work Schedule Policy.....	C-58
Sample Absence Request Form.....	C-59
Employee Control Sheet.....	C-60
Time Reporting Procedures.....	C-61
The Beef Jerky Outlet Uniform/Dress Code.....	C-62
Evaluating Employees.....	C-64
Employee Evaluation.....	C-66
Discipline and Termination.....	C-67
Statement of Warning.....	C-70
Separation Notice.....	C-71
Termination Letter.....	C-72

Master Table of Contents

Page 6

D DAILY STORE PROCEDURES

Introduction	D-1
Suggested Store Hours	D-2
Daily Opening and Closing Duties.....	D-3
Opening Procedures.....	D-4
Closing Procedures	D-6
General Duties Throughout the Day	D-8
Shift-Changing Procedures	D-9
Split-Shift Closing Procedures.....	D-10
Paying Vendors.....	D-11
The Features of the Cash Register/Point-of-Sale System.....	D-12
Procedures for Accepting Payment.....	D-13
Accepting Cash	D-14
Accepting Credit Cards.....	D-15
Merchandise Returns, Refunds, and Exchanges	D-17
Store Merchandise Transfer Procedures.....	D-18
Preparing the Bank Deposit	D-19
Cash Control.....	D-20
Opening and Closing Procedures for the Safe	D-22
Safe Records Sheet	D-24

Master Table of Contents

Page 7

Closing Out the Cash Register	D-25
Reconciliation Sheet.....	D-26
Franchise Reporting Requirements and Procedures	D-27
Statement of Sales	D-29
Advertising Activity Report.....	D-30
Preparing Financial Statements	D-31
Guest Check Procedures	D-32
Internet Order Sheet.....	D-33
Sales Practices	D-34
Customer Service.....	D-36
Handling Customer Complaints.....	D-38
Product Knowledge	D-39
Ordering Procedures	D-40
Receiving Procedures	D-41
Using Approved Sources.....	D-42
Request for change/add supplier form.....	D-43
Conducting Inventory	D-44
Physical Inventory Count Sheet.....	D-45
Merchandise Displays	D-46

Master Table of Contents

Page 8

Pricing The Beef Jerky Outlet Merchandise	D-47
Discounts	D-48
Cleaning and Maintenance.....	D-49
Safety in Your Store	D-50
Customer Incident Report.....	D-56
Store Security.....	D-57

E

MARKETING AND ADVERTISING

Introduction	E-1
The Beef Jerky Outlet Advertising Program.....	E-2
The Value of Advertising	E-4
Guidelines for Using The Beef Jerky Outlet Marks	E-6
Sample The Beef Jerky Outlet Mark	E-8
The Soft Opening	E-9
The Grand Opening	E-10
Advertising Media.....	E-12
Billboards.....	E-13
Corporate Website	E-14

Master Table of Contents

Page 9

Local Internet (Review and Opinion Sites).....	E-15
Local Cable Television	E-16
Sampling	E-17
Publicity	E-18
Sample Press Release Format	E-20
Community Involvement.....	E-21
Obtaining Approval for Advertising Concepts and Materials.....	E-22
Request for Advertising Approval.....	E-23
Ordering Advertising Materials from the Franchisor.....	E-24
Advertising Materials Order Form	E-27

EXHIBIT H TO THE DISCLOSURE DOCUMENT

FRANCHISEE DISCLOSURE ACKNOWLEDGMENT STATEMENT

As you know, The Beef Jerky Outlet Franchise, Inc. (the “Franchisor”) and you are preparing to enter into a franchise agreement (the “Franchise Agreement”) for the establishment and operation of The Beef Jerky Outlet Store (the “Store”). The purpose of this Questionnaire is to determine whether any statements or promises were made to you by employees or authorized representatives of the Franchisor, or by employees or authorized representatives of a broker acting on behalf of the Franchisor (“Broker”) that have not been authorized, or that were not disclosed in the Disclosure Document or that may be untrue, inaccurate or misleading. The Franchisor, through the use of this document, desires to ascertain (a) that the undersigned, individually and as a representative of any legal entity established to acquire the franchise rights, fully understands and comprehends that the purchase of a franchise is a business decision, complete with its associated risks, and (b) that you are not relying upon any oral statement, representations, promises or assurances during the negotiations for the purchase of the franchise which have not been authorized by Franchisor.

In the event that you are intending to purchase an existing Store from an existing Franchisee, you may have received information from the transferring Franchisee, who is not an employee or representative of the Franchisor. The questions below do not apply to any communications that you had with the transferring Franchisee. Please review each of the following questions and statements carefully and provide honest and complete responses to each.

1. Are you seeking to enter into the Franchise Agreement in connection with a purchase or transfer of an existing Store from an existing Franchisee?

Yes _____ No _____

2. I had my first face-to-face meeting with a Franchisor representative on _____, 20____.

3. Have you received and personally reviewed the Franchise Agreement, each addendum, and/or related agreement provided to you?

Yes _____ No _____

4. Do you understand all of the information contained in the Franchise Agreement, each addendum, and/or related agreement provided to you?

Yes _____ No _____

If no, what parts of the Franchise Agreement, any Addendum, and/or related agreement do you not understand? (Attach additional pages, if necessary.)

5. Have you received and personally reviewed the Franchisor's Disclosure Document that was provided to you?

Yes _____ No _____

6. Did you sign a receipt for the Disclosure Document indicating the date you received it?

Yes _____ No _____

7. Do you understand all of the information contained in the Disclosure Document and any state-specific Addendum to the Disclosure Document?

Yes _____ No _____

If No, what parts of the Disclosure Document and/or Addendum do you not understand? (Attach additional pages, if necessary.)

8. Have you discussed the benefits and risks of establishing and operating a Store with an attorney, accountant, or other professional advisor?

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 Store will depend in large part upon your skills and abilities, competition from other businesses, interest rates, inflation, labor and supply costs, location, lease terms, your management capabilities and other economic, and business factors?

Yes _____ No _____

10. Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement or promise concerning the actual or potential revenues, profits or operating costs of any particular Store operated by the Franchisor or its franchisees (or of any group of such businesses), that is contrary to or different from the information contained in the Disclosure Document?

Yes _____ No _____

11. Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement or promise regarding the amount of money you may earn in operating the Store that is contrary to or different from the information contained in the Disclosure Document?

Yes _____ No _____

12. Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement or promise concerning the total amount of revenue the Store will generate that is contrary to or different from the information contained in the Disclosure Document?

Yes _____ No _____

13. Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement or promise regarding the costs you may incur in operating the Store that is contrary to or different from the information contained in the Disclosure Document?

Yes _____ No _____

14. Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement or promise concerning the likelihood of success that you should or might expect to achieve from operating a Store?

Yes _____ No _____

15. Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement, promise or agreement 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 Disclosure Document or franchise agreement?

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. Have you spoken to any other franchisee(s) of this system before deciding to purchase this franchise? If so, who? _____

If you have answered No to question 9, or Yes to any one of questions 10-17, please provide a full explanation of each answer in the following blank lines. (Attach additional pages, if necessary, and refer to them below.) If you have answered Yes to question 9, and No to each of questions 10-17, please leave the following lines blank.

I signed the Franchise Agreement and Addendum (if any) on _____, 20____, and acknowledge that no Agreement or Addendum is effective until signed and dated by the Franchisor.

Please understand that your responses to these questions are important to us and that we will rely on them. By signing this Questionnaire, you are representing that you have responded truthfully to the above questions. In addition, by signing this Questionnaire, you also acknowledge that:

A. You recognize and understand that business risks, which exist in connection with the purchase of any business, make the success or failure of the franchise subject to many variables, including among other things, your skills and abilities, the hours worked by you, competition, interest rates, the economy, inflation, franchise location, operation costs, lease terms and costs and the marketplace. You hereby acknowledge your awareness of and willingness to undertake these business risks.

B. You agree and state that the decision to enter into this business risk is in no manner predicated upon any oral representation, assurances, warranties, guarantees or promises made by Franchisor or any of its officers, employees or agents (including the Broker or any other broker) as to the likelihood of success of the franchise. Except as contained in the Disclosure Document, you acknowledge that you have not received any information from the Franchisor or any of its officers, employees or agents (including the Broker or any other broker) concerning actual, projected or forecasted franchise sales, profits or earnings. If you believe that you have received any information concerning actual, average, projected or forecasted franchise sales, profits or earnings other than those contained in the Disclosure Document, please describe those in the space provided below or write "None".

C. You further acknowledge that the President of the United States of America has issued Executive Order 13224 (the "Executive Order") prohibiting transactions with terrorists and terrorist organizations and that the United States government has adopted, and in the future may adopt, other anti-terrorism measures (the "Anti-Terrorism Measures"). The Franchisor therefore requires certain certifications that the parties with whom it deals are not directly involved in terrorism. For that reason, you hereby certify that neither you nor any of your employees, agents or representatives, nor any other person or entity associated with you, is:

- (i) a person or entity listed in the Annex to the Executive Order;
- (ii) a person or entity otherwise determined by the Executive Order to have committed acts of terrorism or to pose a significant risk of committing acts of terrorism;
- (iii) a person or entity who assists, sponsors, or supports terrorists or acts of terrorism; or
- (iv) owned or controlled by terrorists or sponsors of terrorism.

You further covenant that neither you nor any of your employees, agents or representatives, nor any other person or entity associated with you, will during the term of the Franchise Agreement become a person or entity described above or otherwise become a target of any Anti-Terrorism Measure.

Acknowledged this ____ day of _____, 20____.

Sign here if you are taking the franchise as an
INDIVIDUAL

Sign here if you are taking the franchise as a
CORPORATION, LIMITED LIABILITY
COMPANY OR PARTNERSHIP

Signature

Print Name _____

Signature

Print Name _____

Signature

Print Name _____

Signature

Print Name _____

Print Name of Legal Entity

By: _____
Signature

Print Name _____

Title _____

EXHIBIT I TO THE DISCLOSURE DOCUMENT

GENERAL RELEASE AGREEMENT

THIS AGREEMENT (“Agreement”) is made and entered into this ____ day of _____, 20__ by and between The Beef Jerky Outlet Franchise, Inc., a Tennessee corporation having its principal place of business located at 1309 Goose Creek Way, Seymour, Tennessee 37865 (the “Franchisor”), and _____, a _____ with a principal address at _____ (hereinafter referred to as “Releasor”), wherein the parties hereto, in exchange for good and valuable consideration, the sufficiency and receipt of which is hereby acknowledged, and in reliance upon the representations, warranties, and comments herein are set forth, do agree as follows:

1. **Release by Releasor:**

Releasor does for itself, its successors and assigns, hereby release and forever discharge generally the Franchisor and any affiliate, wholly owned or controlled corporation, subsidiary, successor or assign thereof and any shareholder, officer, director, employee, or agent of any of them, from any and all claims, demands, damages, injuries, agreements and contracts, indebtedness, accounts of every kind or nature, whether presently known or unknown, suspected or unsuspected, disclosed or undisclosed, actual or potential, which Releasor may now have, or may hereafter claim to have or to have acquired against them of whatever source or origin, arising out of or related to any and all transactions of any kind or character at any time prior to and including the date hereof, including generally any and all claims at law or in equity, those arising under the common law or state or federal statutes, rules or regulations such as, by way of example only, franchising, securities and anti-trust statutes, rules or regulations, in any way arising out of or connected with the Agreement, and further promises never from this day forward, directly or indirectly, to institute, prosecute, commence, join in, or generally attempt to assert or maintain any action thereon against the Franchisor, any affiliate, successor, assign, parent corporation, subsidiary, director, officer, shareholder, employee, agent, executor, administrator, estate, trustee or heir, in any court or tribunal of the United States of America, any state thereof, or any other jurisdiction for any matter or claim arising before execution of this Agreement. In the event Releasor breaches any of the promises covenants, or undertakings made herein by any act or omission, Releasor shall pay, by way of indemnification, all costs and expenses of the Franchisor caused by the act or omission, including reasonable attorneys’ fees.

2. Releasor hereto represents and warrants that no portion of any claim, right, demand, obligation, debt, guarantee, or cause of action released hereby has been assigned or transferred by Releasor party to any other party, firm or entity in any manner including, but not limited to, assignment or transfer by subrogation or by operation of law. In the event that any claim, demand or suit shall be made or institute against any released party because of any such purported assignment, transfer or subrogation, the assigning or transferring party agrees to indemnify and hold such released party free and harmless from and against any such claim, demand or suit, including reasonable costs and attorneys’ fees incurred in connection therewith. It is further agreed that this indemnification and hold harmless agreement shall not require payment to such claimant as a condition precedent to recovery under this paragraph.

3. Each party acknowledges and warrants that his, her or its execution of this Agreement is free and voluntary.

4. Tennessee law shall govern the validity and interpretation of this Agreement, as well as the performance due thereunder. This Agreement is binding upon and inures to the benefit of the respective assigns, successors, heirs and legal representatives of the parties hereto.

5. In the event that any action is filed to interpret any provision of this Agreement, or to enforce any of the terms thereof, the prevailing party shall be entitled to its reasonable attorneys' fees and costs incurred therein, and said action must be filed in the State of Tennessee.

6. This Agreement may be signed in counterparts, each of which shall be binding against the party executing it and considered as the original.

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound hereby, have executed this agreement effective as of the date first above.

Witness:

RELEASOR:

(Name)

Witness:

THE BEEF JERKY OUTLET FRANCHISE, INC.

By: _____

Name: _____

Title: _____

EXHIBIT J TO THE DISCLOSURE DOCUMENT

MULTI-STATE ADDENDUM

CALIFORNIA APPENDIX

1. California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning termination or non-renewal of a franchise. If the Franchise Agreement or Multi-Unit Operator Agreement contains provisions that are inconsistent with the law, the law will control.
2. The Franchise Agreement and Multi-Unit Operator Agreement provide for termination upon bankruptcy. This provision may not be enforceable under Federal Bankruptcy Law (11 U.S.C.A. Sec. 101 et seq.).
3. The Franchise Agreement and Multi-Unit Operator Agreement contain covenants not to compete which extend beyond the termination of the agreements. These provisions may not be enforceable under California law.
4. Section 31125 of the California Corporation Code requires the franchisor to provide you with a disclosure document before asking you to agree to a material modification of an existing franchise.
5. Neither the franchisor, any person or franchise broker in Item 2 of the Disclosure Document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 79a et seq., suspending or expelling such persons from membership in such association or exchange.
6. The Franchise Agreement and Multi-Unit Operator Agreement require binding arbitration. The arbitration will occur at Tennessee with the costs being borne equally by the parties. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.
7. The Franchise Agreement and Multi-Unit Operator Agreement require application of the laws of Tennessee. This provision may not be enforceable under California law.
8. You must sign a general release if you renew or transfer your franchise. California Corporation Code 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code 31000 through 31516). Business and Professions Code 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code 20000 through 20043).
9. **THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT.**
10. The Franchise Agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

11. OUR WEBSITE, www.thebeefjerkyoutlet.com, HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT at www.dbo.ca.gov.

ADDENDUM REQUIRED BY THE STATE OF ILLINOIS

1. The following item must be included within the Disclosure Document and shall replace the language that is in the Disclosure Document itself:

Section 4, Jurisdiction and Venue, of the Illinois Franchise Disclosure Act of 1987 (“Act”) states that “any provision in the franchise agreement which designates jurisdiction or venue in a forum outside of this State is void with respect to any cause of action which otherwise is enforceable in this State, provided that a franchise agreement may provide for arbitration in a forum outside of this State.” This Section of the Act replaces any contradictory language contained in the Franchise Agreement and Multi-Unit Operator Agreement.

2. Illinois law governs the Franchise Agreement and Multi-Unit Operator Agreement.

3. Any releases and/or waivers that we request you to sign must conform with Section 41, Waivers Void, of the Illinois Franchise Disclosure Act of 1987 which states that “any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act or any other law of this State is void. This Section shall not prevent any person from entering into a settlement agreement or executing a general release regarding potential or actual lawsuit filed under any of the provisions of this Act, nor shall it prevent the arbitration of any claim pursuant to the provisions of Title 9 of the United States Code.”

4. Under Illinois law at 200.608, Jurisdiction and Venue, a franchise agreement may not provide for a choice of law of any state other than Illinois. The Summary column of Items 17(v) and (w) of the Disclosure Document are amended to state “Illinois law”. The appropriate sections of the Franchise Agreement and Multi-Unit Operator Agreement are amended accordingly.

5. Article 17 of the Franchise Agreement and Section 19 of the Multi-Unit Operator Agreement are amended to comply with Section 27, Periods of Limitation, of the Act to allow any and all claims and actions arising out of or relating to these Agreements, the relationship of Franchisor and Franchisee and/or Multi-Unit Operator, or your operation of the Franchise brought by you against us shall be commenced within 3 years from the occurrence of the facts giving rise to such claim or action, within 1 year after you become aware of the facts or circumstances indicating you may have a claim for relief, or 90 days after delivery to you of a written notice disclosing the violation, or such claim or action will be barred.

6. Item 17(g) of the Disclosure Document, Article 14 of the Franchise Agreement and Section 9 of the Multi-Unit Operator Agreement are amended by changing the time frame to cure defaults, excluding defaults for safety or security issues, to 30 days.

ADDENDUM REQUIRED BY THE STATE OF INDIANA

1. To be added to Item 3 of the Disclosure Document, is the following statement:

There are presently no arbitration proceedings to which the Franchisor is a party.

2. Item 17 of the Disclosure Document is amended to reflect the requirement under Indiana Code 23-2-2.7-1 (9), which states that any post term non-compete covenant must not extend beyond the franchisee's exclusive territory.

3. Item 17 is amended to state that this is subject to Indiana Code 23-2-2.7-1 (10).

4. Under Indiana Code 23-2-2.7-1 (10), jurisdiction and venue must be in Indiana if the franchisee so requests. This amends Article 17 of the Franchise Agreement and Section 19 of the Multi-Unit Operator Agreement.

5. Under Indiana Code 23-2-2.7-1 (10), franchisee may not agree to waive any claims or rights.

ADDENDUM REQUIRED BY THE STATE OF MARYLAND

This will serve as the State Addendum for the State of Maryland for The Beef Jerky Outlet Franchise, Inc.'s Franchise Disclosure Document and for its Franchise and Multi-Unit Operator Agreements. The amendments to the Franchise and Multi-Unit Operator Agreements included in this addendum have been agreed to by the parties.

1. Item 17 of the Disclosure Document is amended to state that the general release required as a condition of renewal, sale and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

2. Item 17 of the Disclosure Document is amended to state that a franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

3. Item 17 of the Disclosure Document is amended to state that any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the franchise.

4. Item 17 of the Disclosure Document is amended to state that the provisions in the Franchise Agreement and Multi-Unit Operator Agreement which provide for termination upon bankruptcy of the franchisee/multi-unit operator may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).

5. The appropriate sections of the Franchise Agreement and Multi-Unit Operator Agreement are amended to permit a franchisee to bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

6. The appropriate sections of the Franchise Agreement and Multi-Unit Operator Agreement are amended to state that any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the franchise.

7. The appropriate sections of the Franchise Agreement and Multi-Unit Operator Agreement are amended to state that the general release required as a condition of renewal, sale and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

8. The Franchise Agreement, Multi-Unit Operator Agreement and Franchisee Disclosure Acknowledgment Statement are amended to include the following statement: “All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.”

DISCLOSURE REQUIRED BY THE STATE OF MICHIGAN

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

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

(g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:

(i) Failure of the proposed transferee to meet the franchisor's then-current reasonable qualifications or standards.

(ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.

(iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

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

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

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

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

If the franchisor's most recent financial statements are unaudited and show a net worth of less than \$100,000, franchisee has the right to request an escrow arrangement.

Any questions regarding this notice should be directed to:

Consumer Protection Division
Attn: Marilyn McEwen
525 W. Ottawa Street, 6th Floor
Lansing, Michigan 48933
(517) 373-7117

ADDENDUM REQUIRED BY THE STATE OF MINNESOTA

This addendum to the Disclosure Document is agreed to this ___ day of _____, 20___, and effectively amends and revises said Disclosure Document and Franchise Agreement and Multi-Unit Operator Agreement as follows:

1. Item 13 of the Disclosure Document and Article 5 of the Franchise Agreement are amended by the addition of the following language to the original language that appears therein:

“In accordance with applicable requirements of Minnesota law, Franchisor shall protect Franchisee’s right to use the trademarks, service marks, trade names, logotypes or other commercial symbols and/or shall indemnify Franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding such use.”

2. Item 17 of the Disclosure Document and Articles 12 and 14 of the Franchise Agreement are amended by the addition of the following language to the original language that appears therein:

“With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes Sec. 80C.14, Subds.3, 4 and 5, which require (except in certain specified cases) that a franchisee be given 90 days’ notice of termination (with 60 days to cure) and 180 days’ notice for non-renewal of the franchise agreement and that consent to the transfer of the franchise will not be unreasonably withheld.”

3. Item 17 of the Disclosure Document, Article 17 of the Franchise Agreement and Section 19 of the Multi-Unit Operator Agreement are amended by the addition of the following language to amend the Governing Law, Jurisdiction and Venue, and Choice of Forum sections:

“Minn. Stat. Sec. 80C.21 and Rule 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreements can abrogate or reduce any of the franchisee’s rights as provided for in Minnesota Statutes, Chapter 80C, or franchisee’s rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.”

4. Item 17 of the Disclosure Document, Articles 12 and 13 of the Franchise Agreement and Section 11 of the Multi-Unit Operator Agreement are amended by the addition of the following language to the original language that appears therein:

“Minn. Rule 2860.4400D prohibits us from requiring you to assent to a general release.”

5. Any reference to liquidated damages in the Franchise Agreement is hereby deleted in accordance with Minn. Rule 2860.4400J which prohibits requiring you to consent to liquidated damages.

6. Article 17 of the Franchise Agreement and Section 19 of the Multi-Unit Operator Agreement hereby amended to comply with Minn. Rule 2860.4400J which prohibits waiver of a jury trial.

7. Article 17 of the Franchise Agreement and Section 19 of the Multi-Unit Operator Agreement regarding Limitations of Claims is hereby amended to comply with Minn. Stat. §80C.17, Subd. 5.

8. Item 6, Insufficient Fund Fees: NSF fees are governed by Minnesota Statute 604.113; which puts a cap of \$30 on a NSF check. This applies to everyone in Minnesota who accepts checks except banks.

9. Under Minn. Rule 2860.440J, the franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. A court will determine if a bond is required.

The appropriate sections of the Franchise Agreement and Multi-Unit Operator Agreement are hereby amended accordingly.

ADDENDUM REQUIRED BY THE DEPARTMENT OF LAW OF THE STATE OF NEW YORK

The following Items are required to be included within the Disclosure Document and shall be deemed to supersede the language in the Disclosure Document itself:

3. LITIGATION

Neither the Franchisor, its Predecessor nor any person listed under Item 2 or an affiliate offering franchises under Franchisor's principal trademark:

- (A) has an administrative, criminal or civil action pending against that person alleging: a felony; a violation of a franchise, antitrust or securities law; fraud; embezzlement; fraudulent conversion; misappropriation of property; unfair or deceptive practices; or comparable civil or misdemeanor allegations.
- (B) has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the ten year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise; anti-fraud or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; unfair or deceptive practices; or comparable allegations.
- (C) is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

4. BANKRUPTCY

Neither the Franchisor, its affiliate, its predecessor, officers, or general partner during the ten year period immediately before the date of the disclosure document: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code (or any comparable foreign law); (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within one year after the officer or general partner of the Franchisor held this position in the company or partnership.

ADDENDUM REQUIRED BY THE STATE OF NORTH DAKOTA

This addendum to the Disclosure Document, Franchise Agreement and Multi-Unit Operator Agreement effectively amends and revises said documents as follows:

1. Item 17(c) of the Disclosure Document, Articles 12 and 13 of the Franchise Agreement and Section 11 of the Multi-Unit Operator Agreement are hereby amended to indicate that a franchisee shall not be required to sign a general release.

2. Covenants not to compete are generally considered unenforceable in the State of North Dakota, in accordance with Section 51-19-09 of the North Dakota Franchise Investment Law. Item 17(r) of the Disclosure Document, Article 15 of the Franchise Agreement and Section 12 of the Multi-Unit Operator Agreement are amended accordingly.

3. Item 6 and Item 17(i) of the Disclosure Document and Article 15 of the Franchise Agreement requires the franchisee to consent to termination or liquidated damages. Since the Commissioner has determined this to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law, these provisions are hereby deleted in each place they appear in the Disclosure Document and Franchise Agreement used in North Dakota.

4. Item 17(u) of the Disclosure Document, Article 17 of the Franchise Agreement and Section 19 of the Multi-Unit Operator Agreement are amended to provide that arbitration shall be held at a site that is agreeable to all parties.

5. Item 17(v) of the Disclosure Document and the provisions of Article 17 of the Franchise Agreement and Section 19 of the Multi-Unit Operator Agreement and which require jurisdiction of courts in Tennessee are deleted.

6. Item 17(w) of the Disclosure Document, Article 17 of the Franchise Agreement and Section 18 of the Multi-Unit Operator Agreement are amended to indicate that the agreements are to be construed according to the laws of the State of North Dakota.

7. Apart from civil liability as set forth in Section 51-19-12 N.D.C.C., which is limited to violations of the North Dakota Franchise Investment Law (registration and fraud), the liability of the franchisor to a franchisee is based largely on contract law. Despite the fact that those provisions are not contained in the franchise investment law, those provisions contain substantive rights intended to be afforded to North Dakota residents. Therefore, North Dakota franchisees will not be required to waive their rights under North Dakota law.

8. The provisions of Article 17 of the Franchise Agreement and Section 19 of the Multi-Unit Operator Agreement which require a franchisee to consent to (1) a waiver of trial by jury and (2) a waiver of exemplary and punitive damages are contrary to Section 51-19-09 of the North Dakota Franchise Investment Law and are hereby deleted.

9. The provisions of Article 17 of the Franchise Agreement and Section 19 of the Multi-Unit Operator Agreement which require a franchisee to consent to a limitation of claims are hereby amended to state that the statute of limitations under North Dakota law applies.

ADDENDUM REQUIRED BY THE STATE OF RHODE ISLAND

The following amends Item 17 and is required to be included within the Disclosure Document and shall be deemed to supersede the language in the Disclosure Document itself:

Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that:

“A provision in a franchise agreement restricting jurisdiction or venue to a forum outside of this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.”

ADDENDUM REQUIRED BY THE COMMONWEALTH OF VIRGINIA

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for The Beef Jerky Outlet Franchise, Inc. for use in the Commonwealth of Virginia shall be amended as follows:

1. Additional Disclosure: The following statements are added to Item 17.h:

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the franchise agreement and development agreement does not constitute “reasonable cause,” as that the term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, the provision may not be enforceable.

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee to surrender any right given to him under the franchise. If any provision of the Franchise Agreement involves the use of undue influence by the franchisor to induce a franchisee to surrender any rights given to him under the franchise, that provision may not be enforceable.

ADDENDUM REQUIRED BY THE STATE OF WASHINGTON

The State of Washington has a statute, RCW 19.100.180, which may supersede the Franchise Agreement in your relationship with the Franchisor, including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the Franchise Agreement in your relationship with the Franchisor, including the areas of termination and renewal of your franchise.

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

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.

A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel.

Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act or rights or remedies under the Act, such as a right to a jury trial, may not be enforceable.

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

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Addendum dated this _____ day of _____, 20____.

ATTEST

THE BEEF JERKY OUTLET FRANCHISE, INC.

Witness

By: _____
Name: _____
Title: _____

Witness

FRANCHISEE:

**RECEIPT
(RETURN ONE COPY TO US)**

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 The Beef Jerky Outlet Franchise, Inc. offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. New York and Rhode Island require that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan, Oregon and Wisconsin 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 The Beef Jerky Outlet Franchise, Inc. 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, DC 20580 and the appropriate state agency listed on Exhibit A.

The franchisor is The Beef Jerky Outlet Franchise, Inc., located at 1309 Goose Creek Way, Seymour, Tennessee 37865. Its telephone number is (865) 934-8000.

Issuance date: April 4, 2014, as amended May 15, 2014. See the States Effective Dates page for state-related information.

The names, principal business addresses and telephone numbers of the franchise sellers for this offering are:

- Scott Parker, 1309 Goose Creek Way, Seymour, Tennessee 37865, (865) 934-8000
- Paul Lyons, 1437 Rochester Road, Troy, Michigan 48083, (586) 246-5405
- Michael J. Grillo, 1313 S. Farragut, Bay City, Michigan 48708, (989) 893-9589
- Michael Allen Riddiough, 19170 Sweig Terrace, Leesburg, Virginia 20176, (336) 575-9585
- Allen Hugo, 1928 Hood Road, Dacula, Georgia, (770) 560-0363

The Beef Jerky Outlet Franchise, Inc. authorizes the agents listed in Exhibit A to receive service of process for it.

I have received a disclosure document dated _____, 20__ that included the following Exhibits:

A – List of State Agencies/Agents for Service of Process	F – List of Franchisees and Multi-Unit Operators Who Have Left the System
B – Franchise Agreement	G – Table of Contents of Operations Manual
C – Multi-Unit Operator Agreement	H – Franchisee Disclosure Acknowledgment Statement
D – Financial Statements	I – Form of General Release
E – List of Franchisees and Multi-Unit Operators	J – Multi-State Addendum

Date: _____
(Do not leave blank)

Signature of Prospective Franchisee

Print Name

You may return the signed receipt by signing, dating and mailing it to The Beef Jerky Outlet Franchise, Inc. at 1309 Goose Creek Way, Seymour, Tennessee 37865.

**RECEIPT
(RETURN ONE COPY TO US)**

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 The Beef Jerky Outlet Franchise, Inc. offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. New York and Rhode Island require that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan, Oregon and Wisconsin 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 The Beef Jerky Outlet Franchise, Inc. 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, DC 20580 and the appropriate state agency listed on Exhibit A.

The franchisor is The Beef Jerky Outlet Franchise, Inc., located at 1309 Goose Creek Way, Seymour, Tennessee 37865. Its telephone number is (865) 934-8000.

Issuance date: April 4, 2014, as amended May 15, 2014. See the States Effective Dates page for state-related information.

The names, principal business addresses and telephone numbers of the franchise sellers for this offering are:

- Scott Parker, 1309 Goose Creek Way, Seymour, Tennessee 37865, (865) 934-8000
- Paul Lyons, 1437 Rochester Road, Troy, Michigan 48083, (586) 246-5405
- Michael J. Grillo, 1313 S. Farragut, Bay City, Michigan 48708, (989) 893-9589
- Michael Allen Riddiough, 19170 Sweig Terrace, Leesburg, Virginia 20176, (336) 575-9585
- Allen Hugo, 1928 Hood Road, Dacula, Georgia, (770) 560-0363

The Beef Jerky Outlet Franchise, Inc. authorizes the agents listed in Exhibit A to receive service of process for it.

I have received a disclosure document dated _____, 20__ that included the following Exhibits:

A – List of State Agencies/Agents for Service of Process	F – List of Franchisees and Multi-Unit Operators Who Have Left the System
B – Franchise Agreement	G – Table of Contents of Operations Manual
C – Multi-Unit Operator Agreement	H – Franchisee Disclosure Acknowledgment Statement
D – Financial Statements	I – Form of General Release
E – List of Franchisees and Multi-Unit Operators	J – Multi-State Addendum

Date: _____
(Do not leave blank)

Signature of Prospective Franchisee

Print Name

You may return the signed receipt by signing, dating and mailing it to The Beef Jerky Outlet Franchise, Inc. at 1309 Goose Creek Way, Seymour, Tennessee 37865.