



Dept. of Corporations-  
PSS UNIT-San Francisco Office

APR 22 2013

## FRANCHISE DISCLOSURE DOCUMENT

MOOYAH Franchise LLC  
a Texas limited liability company  
5212 Tennyson Parkway Suite 120  
Plano, Texas 75024  
214-310-0768  
franchiseinfo@MOOYAH.com  
www.MOOYAH.com

The franchise is for the establishment and operation of fast casual restaurants with limited service offering high-quality hamburgers, other sandwiches, French fries, shakes and related food and beverage items ("MOOYAH® Restaurant" or "Restaurant").

The total investment necessary to begin operation of a MOOYAH® Restaurant franchised business ranges from \$334,950 to \$532,200. This includes between \$26,100 to \$36,100 that must be paid to the franchisor and/or its affiliate, as appropriate.

If you enter into a Multi-Unit Operator Agreement to develop at least three Restaurants, when you sign the Multi-Unit Operator Agreement you will pay a development fee equal to 100% of the initial franchise fee for the first Restaurant to be developed, plus a deposit of 50% of the reduced initial franchise fee for each additional Restaurant to be developed under the Multi-Unit Operator Agreement. The total investment under a Multi-Unit Operator Agreement will vary depending on the number of Restaurants to be developed.

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

You may wish to receive your Disclosure Document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact our Franchise Sales Department at 5212 Tennyson Parkway, Suite 120, Plano, Texas 75024 and 214-310-0768.

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](http://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.

Issued on: April 5, 2013

## 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 F 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, MULTI-UNIT OPERATOR AGREEMENT AND DEVELOPMENT AGENT AGREEMENT REQUIRE YOU TO RESOLVE DISPUTES WITH US BY ARBITRATION OR LITIGATION IN TEXAS. OUT OF STATE ARBITRATION AND LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST MORE TO ARBITRATE AND LITIGATE WITH US IN TEXAS THAN IN YOUR OWN STATE.

2. THE FRANCHISE AGREEMENT, MULTI-UNIT OPERATOR AGREEMENT AND DEVELOPMENT AGENT AGREEMENT STATE THAT TEXAS LAW GOVERNS THE AGREEMENTS, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.

3. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

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

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

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

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

<b>State</b>	<b>Effective Date</b>
California	
Connecticut	Exempt
Florida	October 26, 2012
Hawaii	
Illinois	
Indiana	
Kentucky	July 21, 2010
Maine	Exempt
Maryland	
Michigan	June 10, 2012
Minnesota	
Nebraska	September 28, 2007
New York	September 29, 2010, amended as of
North Carolina	Exempt
North Dakota	June 29, 2012, amended as of
Rhode Island	
South Carolina	Exempt
South Dakota	August 20, 2012
Texas	June 10, 2010
Utah	
Virginia	June 20, 2012, amended as of
Washington	June 7, 2012, amended as of
Wisconsin	

For all other states where registration, filing or exemption from registration is not required, this Disclosure Document is effective as of the date of issuance.

**MOOYAH FRANCHISE LLC DISCLOSURE DOCUMENT**

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C	List of MOOYAH® Franchises and Development Agents as of December 30, 2012
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## ITEM 1

### **THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES**

To simplify the language in this Disclosure Document, “we”, “us” or “MOOYAH” means MOOYAH Franchise LLC, the franchisor and its affiliates. “You” means the person or persons who buy the franchise. Only natural persons may sign the Franchise Agreement. If two or more persons sign the Franchise Agreement, “you” includes each of the persons signing as franchise owners.

#### ***The Franchisor, Its Parent, Predecessor and Its Affiliates.***

We are a Texas limited liability company originally organized as RHTI Concepts, LLC on June 13, 2006. We changed our name to MOOYAH Franchise LLC on October 2, 2006 and began franchising in March 2007. Our principal place of business is at 5212 Tennyson Parkway Suite 120, Plano, Texas 75024. We have no predecessors. We do business under our corporate name and under the name “MOOYAH®”. We engage in the business of owning and operating MOOYAH® Restaurants and franchising MOOYAH® Restaurants. Our agents for service of process in the states which require franchise registration are listed in Exhibit G. We have never offered franchises or conducted business in any other line of business. We have operated MOOYAH® Restaurants in the Dallas, Texas area since April 2007.

Our parent company is MOOYAH Holdings, LLC, a Texas limited liability company headquartered at our address (“Parent”). Our Parent does not own or operate a business of the type being franchised, is not an approved supplier of any product or service, and will not guaranty our performance. Our Parent has never offered franchises in this or any other line of business.

Except as in the descriptions above, neither we nor any predecessor or any affiliate has ever offered franchises in any other line of business.

Our Vice President and Secretary, Todd Istre, founded the Boudreaux’s Cajun Kitchen restaurant chain. Boudreaux’s Cajun Kitchen restaurants specialize in Cajun food, including seafood and sandwiches. Boudreaux’s Cajun Kitchen, Inc. (“Boudreaux’s”) has not yet begun offering franchises, but it intends to do so in the near future under a separate disclosure document. Boudreaux’s principal place of business is 6300 W. Loop S., Bellaire, Texas 77401.

#### ***The Franchise Offered.***

Under the Franchise Agreement (the “Franchise Agreement”), which is Exhibit A to this Disclosure Document, we offer qualified candidates franchises for fast casual restaurants with limited service offering high-quality hamburgers, other sandwiches, French fries, shakes, and related food and beverage items (the “Restaurants”). The Restaurants do business under the name and mark “MOOYAH®” and operate according to our “System”. The System includes distinctive exterior and interior design, decor, and color scheme, furnishings, special recipes and menu items, uniform standards, specifications, policies and procedures for operations, quality and uniformity of the products and services offered, procedures for inventory, management and financial control, training and assistance, and advertising and promotional programs, all of which may be changed, improved, and further developed by us from time to time.

You must operate your MOOYAH® Restaurant under the “MOOYAH®” mark and use other trade names, service marks, trademarks, logos and other symbols we designate (or may later designate) in writing for use in the System (the “Proprietary Marks” or “Marks”).

### ***Multi-Unit Operator Agreement.***

In certain circumstances, we will offer to you the right to sign a Multi-Unit Operator Agreement in the form attached as Exhibit B to this Disclosure Document (the "Multi-Unit Operator Agreement") to develop multiple franchised Restaurants to be located within a specifically described geographic territory (the "Protected Area"). We will determine the Protected Area before you sign the Multi-Unit Operator Agreement and it will be included in the Multi-Unit Operator Agreement. Under the Multi-Unit Operator Agreement, you must establish a certain number of MOOYAH® Restaurants (at least three Restaurants) within the Protected Area according to a minimum performance schedule, and sign a separate Franchise Agreement for each Restaurant established under the Multi-Unit Operator Agreement. The Franchise Agreement for the first Restaurant developed under the Multi-Unit Operator Agreement will be in the form attached as Exhibit A to this Disclosure Document. For each additional Restaurant 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 Protected Area will vary depending upon local market conditions and the number of Restaurants to be developed.

### ***Market and Competition.***

You will offer your products to the general public. You may not sell any items to another vendor for resale without our prior written consent. The market for restaurant services is well-established and highly competitive. There is active price competition among restaurants, as well as competition for management personnel and for attractive commercial real estate sites suitable for restaurants. You must expect to compete with other restaurants offering hamburgers and French fries and other competing concepts. Competitors may be locally owned or large regional or national chains. The restaurant business is also affected by changes in consumer taste, demographics, traffic patterns and economic conditions.

### ***Industry Specific Regulation.***

The restaurant industry is heavily regulated. A wide variety of Federal, state and local laws, rules and regulations have been enacted that may impact the operation of your Restaurant, and may include those which: (a) establish general standards, zoning, permitting restrictions and requirements and other specifications and requirements for the location, construction, design, maintenance and operation of the Restaurant's premises; (b) set standards pertaining to employee health and safety; (c) regulate matters affecting the health, safety and welfare of your customers, such as general health and sanitation requirements for restaurants and laws and regulations relating to access by persons with disabilities; employee practices concerning the storage, handling, cooking and preparation of food; restrictions on smoking; available of and requirements for public accommodations and requirements for fire safety and general emergency preparedness; (d) establish requirements for food identification and labeling; and (e) regulate advertisements. State and local agencies inspect restaurants to ensure that they comply with these laws and regulations. You should investigate whether there are regulations and requirements that may apply in the geographic area in which you are interested in locating your Restaurant and you should consider both their effect and costs of compliance.

Many of the laws, rules and regulations that apply to business generally, such as the Americans With Disabilities Act, Federal Wage and Hour Laws and the Occupational Safety and Health Act, also apply to restaurants. The U.S. Food and Drug Administration, the U.S. Department of Agriculture and state and local health departments administer and enforce laws and regulations that govern food preparation and service and restaurant sanitary conditions. The federal Clean Air Act and various implementing state laws require certain state and local areas to meet national air quality standards limiting

emissions of ozone, carbon monoxide and particulate matters, including caps on emissions from commercial food preparation. Some areas have also adopted or are considering proposals that would regulate indoor air quality.

You must identify, investigate, satisfy and comply with all laws, ordinances and/or regulations applicable to your Restaurant, including employment, workers' compensation, insurance, corporate, tax, public health and similar laws and regulations, because they vary from place to place, can change over time and may affect the operation of your Restaurant. You should independently research and review the legal requirements of the food services industry with your own attorney before you sign any binding documents or make any investments.

## **ITEM 2**

### **BUSINESS EXPERIENCE**

#### **William Spae – Chief Executive Officer and President**

Mr. Spae has been our Chief Executive Officer and President since January 2013. From August 2010 to January 2013, he was COO and CDO for CiCi Enterprises, L.P. in Coppell, Texas. From November 2009 to August 2010, he was CEO for Lakeview Partners in Kerens, Texas. From November 2004 to November 2009, he was CEO for EatDrink LLC in Texarkana, Texas.

#### **Todd Istre – Vice President and Secretary**

Dr. Istre is one of our co-founders and has served as our Vice President and Secretary since our formation in June 2006. Dr. Istre is also CEO of South Texas Dental, LLC, a chain of dental practices based in Bellaire, Texas, and has held that position since June 1993. He is also CEO of Boudreaux's Cajun Kitchen, Inc., a chain of Cajun food restaurants based in Bellaire, Texas and has held that position since January 1999.

#### **Rich Hicks – Treasurer**

Mr. Hicks is one of our co-founders and has served as our Treasurer since our formation in June 2006. Mr. Hicks was President of Tin Star Franchise since its formation in May 2003 until the company was sold in August 2008. He also served as President and Director for Hicks Group, LLC, located in Dallas, Texas, and has held that position since its formation in November 1999. He was the sole manager of Tin Star GP, LLC and Tin Star Management, LLC, both of which are located in Dallas, Texas, from November 1999 to August 2008.

#### **Alan Hixon – Vice President of Development**

Mr. Hixon has been our President since March 2009. From May 1998 to August 2008, he was President and Chief Operating Officer for Freebirds World Burrito located in College Station, Texas. Mr. Hixon was not employed between August 2008 and March 2009.

#### **Michael Mabry – Director of Franchise**

Mr. Mabry has been our Director of Franchise since August 2009. From February 2007 to August 2009, he was Operating Partner of Cutchall Management located in Dallas, Texas. From March 2005 to February 2007, he was Director of Franchise for Boston's Pizza located in Dallas, Texas. From March 2003 to March 2005, he was Vice President of Franchise for Tin Star located in Dallas, Texas.



**Will MacIntosh – Director of Training**

Mr. MacIntosh has been our Director of Training since October 2011. From September 2008 to September 2011 he was Senior Field Training Consultant and from April 2001 to September 2008 he has several roles in the Training Department of Applebee's, located in Dallas, Texas.

**Alexis Barnett Gillette – Director of Marketing**

Ms. Gillette has been our Director of Marketing since September 2011. From June 2005 to August 2011, she was Account Supervisor for TracyLocke, located in Dallas, Texas.

**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**

***Franchise Fees***

◆ Franchise Fee	\$30,000
◆ Franchise Fee for Additional Restaurant	\$20,000
◆ Add-On Fee	\$ 5,000

You must pay any sales tax, use tax, gross receipts tax, or similar tax on your payments to us and/or our affiliates. We will pass on to you taxes we must pay directly to any taxing authority. All franchise fees are payable in full when you sign the Franchise Agreement. We do not consider any amount a deposit, so all fees are fully earned when received and are not refundable, except as described below. The franchise fee is not imposed uniformly on all franchisees.

We pay third parties who assist us with the development of the franchise system, including Development Agents, approximately one-half of the franchise fees we collect.

**In the States of North Dakota, South Dakota and Washington only, we will defer the payment of the franchise fee, lease and extension fee, add-on fee, Location Security Deposit and Other Initial Lease Fees and Development Fee and all other initial payment until all of our material pre-opening obligations have been satisfied and until you open your business and it is operating.**

**The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement.**

### ***The Franchise Fee.***

The franchise fee for a MOOYAH® Restaurant franchise is \$30,000 for all franchisees purchasing their first MOOYAH® Restaurant franchise. The franchise fee for a second or later MOOYAH® Restaurant franchise is \$20,000 for all franchisees.

We do not offer a full refund of the franchise fee under any circumstances except if you purchase an existing Restaurant and apply the franchise fee of your current, unused franchise toward the transfer fee. If you apply the franchise fee of your unused franchise to pay a transfer fee, you will sign a release terminating the unused franchise. We will refund one-half of your franchise fee if you fail our training program and cancel your Franchise Agreement, but if we dismiss you from the training program because you failed to act in accordance with our Training Code of Business Conduct, we may cancel your Franchise Agreement without providing you with a refund of any portion of the reduced franchise fee. If more than one individual signs the Franchise Agreement, any one of the individuals who fails the training program may be removed from the Franchise Agreement and no portion of the franchise fee will be refunded.

We do not have to sell you a franchise or additional franchises, or consent to your purchase of existing franchises. If you own a MOOYAH® Restaurant you do not have an automatic right to buy additional franchises, and even if you apply for an additional franchise we may decide in our business judgment that you should not own an additional Restaurant, even if you are in full compliance with your existing Franchise Agreements and the Operations Manual. For example, even if you are in full compliance, you may not be sufficiently organized to operate more than one Restaurant, or have a strong enough manager to control employees from a remote location. If we or our Development Agent rejects your application to buy an additional franchise, you may ask us to review that decision by calling our Development Team Department at our headquarters in Texas.

### ***Lease and Extension Fee***

You must sign a lease for your Restaurant within 180 days after you buy your franchise or the Franchise Agreement will terminate automatically, unless you request an extension in writing and, if we require, pay the \$1,000 extension fee and sign a new Franchise Agreement.

Under our standard Franchise Agreement, your Franchise Agreement will automatically terminate if you do not sign a lease for your Restaurant within 180 days after signing the Franchise Agreement. Before the expiration of the 180 day period, you may request in writing, and we may grant in writing, the option to amend and extend your Franchise Agreement. If we require it, you must pay to us an extension fee of \$1,000 and sign our then current form of Franchise Agreement. The extension fee, if we require you to pay it, is due when you sign our then current form of Franchise Agreement. The term of your franchise will then be for the full number of years granted in the replacement Franchise Agreement and you will have 180 days after execution of this replacement Franchise Agreement to sign a lease. After that, you have no right to any additional extensions. The Franchise Agreement will automatically terminate at the end of the 180 days if you are still not open for business. We may change or eliminate the extension procedures in the future, including the \$1,000 fee.

You must open for business within 12 months after signing the Franchise Agreement. You may request, in writing, one extension for an additional 180 days, but only if the building where you locate your Restaurant was not built at the time you signed your Franchise Agreement. You will not have to pay an extension fee. We will not allow any further extensions. We will pay third parties who assist us with

the development of the franchise system, including Development Agents, approximately one-third of the extension fees. This fee is nonrefundable.

If you are purchasing your second or later franchise, you will pay to us a reduced initial franchise fee of \$20,000. We do not offer a full refund of the reduced franchise fee under any circumstances except if you purchase an existing Restaurant and apply the franchise fee of your current, unused franchise toward the transfer fee. If you apply the franchise fee of your unused franchise to pay a transfer fee, you will sign a release terminating the unused franchise.

***Add-On Fee.***

If you want to add an individual to your Franchise Agreement to become a partner for the Franchised Business, you must also pay an add-on fee of \$5,000. We may change or eliminate this add-on fee in the future. We may refund your add-on fee if an individual is added to the Franchise Agreement and fails to successfully complete our training program to our satisfaction.

***Training Cancellation Fee.***

If you register for and fail to attend the initial training program, or if you cancel a registration for the training program with less than 10 business days' notice, you must pay a nonrefundable cancellation fee of \$100 per person.

You must successfully complete training (if you are not already a MOOYAH® franchisee) to qualify to purchase a franchise. If you do not successfully complete the training program, we may grant you an exemption from passing our training program if: (1) your spouse or relative named on the Franchise Agreement successfully completes our training program, you are actively involved in the operation of the Restaurant for one year (as verified by the area field representative or Development Agent) and the Restaurant is in substantial compliance (as defined in the Operations Manual) then you may be added to the Franchise Agreement for that Restaurant if you otherwise comply with the transfer process in Section 9.a. of the Franchise Agreement and pay the transfer fee; or (2) you have been the manager of a MOOYAH® Restaurant for at least three years, the Restaurant has been in substantial compliance (as defined in the Operations Manual) and you receive the approval of us or the applicable Development Agent.

***Development Fee – Multi-Unit Operator Agreement.***

If you qualify to develop at least three Restaurants within a Protected Area, you will sign a Multi-Unit Operator Agreement with us. When you sign the Multi-Unit Operator Agreement, you must pay a development fee equal to 100% of the initial franchise fee for the first Restaurant to be developed, plus a deposit of 50% of the reduced initial franchise fee for each additional Restaurant to be developed under that agreement. We will apply a pro rata portion of the development fee toward the required initial franchise fee when each Franchise Agreement is signed. You must sign the first Franchise Agreement at the same time you sign the Multi-Unit Operator Agreement. The development fee is fully earned upon receipt and is not refundable under any circumstances.

For example, if you commit to develop four Restaurants, the development fee is calculated as  $\$30,000 + (3 \times \$10,000 = \$30,000) = \$60,000$ .

**ITEM 6**  
**OTHER FEES**

<b>Type of Fee<sup>(1)</sup></b>	<b>Amount</b>	<b>Due Date</b>	<b>Remarks</b>
Royalty Fee (Note 2)	6% of Gross Sales	Payable weekly	See Note 2
Advertising Fee (Note 3)	3% of Gross Sales	Payable weekly	See Note 3
Local Advertising	1% of Gross Sales	Weekly	You must conduct local advertising to promote your MOOYAH® Restaurant
Business Directories	Cost	On demand	You will place and pay the cost of any Internet business directories and listings and any other business listings (which may include listings in the Yellow Pages) as may be periodically specified by us.
Merchandise for Resale, Equipment and Décor Items	Reasonable cost	On demand	We may provide to you at a reasonable cost certain collateral merchandise for resale that identifies the System (for example, caps and t-shirts); equipment; and décor items.
POS Support and Maintenance Fee	\$1700 per year	When billed	You must purchase an annual subscription for POS support and maintenance from a supplier designated by us. This fee is subject to change based on the supplier's policies
POS Data Warehouse Fee	\$600 per year	When billed	You must purchase an annual subscription for data warehouse services from a supplier designated by us. This fee is subject to change based on the supplier's policies
Audit (Note 4)	Overdue Amount, plus Audit Costs and an Under-Reporting Fee equal to 100% of the Overdue Amount may be charged depending upon extent of under-reporting	15 days after billing	See Note 4

<b>Type of Fee<sup>(1)</sup></b>	<b>Amount</b>	<b>Due Date</b>	<b>Remarks</b>
Late Payment (Note 5)	18% per year or the maximum lawful rate, whichever is less.	When payment is late	See Note 5
	10% of amount you owe	When payment is more than one week late	See Note 5
	\$50	When you default on payments because you change banks without notice	See Note 5
	\$20	Bounced check or pre-authorized draft	See Note 5
	Costs of collection, including lawyers' fees	When we or our affiliate incur the expense	See Note 5
Transfer Fee – Franchise Agreement (Note 6)	\$15,000	Before buyer attends training, but not later than transfer date	See Note 6
Renewal Fee	50% of the original initial franchise fee you paid	Signing of renewal franchise agreement	You must give us at least six months' and not more than nine months' notice to renew and meet other renewal conditions.
Transfer Fee – Multi-Unit Operator Agreement	\$20,000	Submitted with transfer application	No fee charged to an individual or partnership franchisee that transfers its rights, one time only, to a corporate entity controlled by the same interest holders.
Transfer Fee – Development Agent Agreement	\$25,000	Submitted with transfer application	No fee charged to an individual or partnership franchisee that transfers its rights, one time only, to a corporate entity controlled by the same interest holders.
Insurance (Note 7)	\$800 to \$2,500 per year	Annually	See Note 7

Type of Fee <sup>(1)</sup>	Amount	Due Date	Remarks
Indemnification	All liability, damages and costs, including lawyers' fees, incurred	When incurred by us or other indemnified party	You must reimburse us if we are held liable for claims arising from your Restaurant's operations. If you breach the provisions of your Agreement regarding mandatory arbitration, or restrictions on damages or against whom you can arbitrate, or the proper forum for an action, you will pay our expenses and the expenses of anyone you name improperly, including lawyers' fees; you will be liable for abuse of process
Non-compete Violation (Note 8)	\$30,000 for each competing restaurant plus 6% of the competing restaurant's gross sales	On demand	See Note 8
Confidentiality Violation (Note 9)	Our damages	Upon violation	See Note 9
Trademark Violation (Franchise Agreement and Development Agent Agreement) (Note 10)	\$250 per day	Upon violation	See Note 10
Operations Manual (Note 11)	\$500, subject to change in the future	When you place order	Fee for replacements. First copy is free and will be provided in either electronic or print form. See Note 11
Dispute Resolution (Note 12)	Half of arbitration fee, except you will pay the whole fee plus costs, including lawyers' fees, management preparation time, and travel expenses if you withhold money from us or an affiliate	Your share of the arbitration fee will be due upon invoicing from the third party	See Note 12
	Probationary Case Management Fee - \$500; Probationary Extension Fee - \$250	Due upon your signing the probationary agreement or extension	See Note 12

Type of Fee <sup>(1)</sup>	Amount	Due Date	Remarks
	Interim Order Case Management Fee - \$250	Due upon your signing the interim order	See Note 12
	Litigation Expense Fee to permit sale of Restaurant – 5% of gross consideration received for sale of Restaurant, not to exceed \$5,000	Due upon sale of your Restaurant	See Note 12
Non-Compliance with Operations Manual (Note 13)	Charge of an additional 2% of Gross Sales	Upon our filing a demand for arbitration after three consecutive months out of compliance with the Operations Manual	See Note 13
Gift Card Program	Will vary	As incurred	You must participate in our gift card program. Gift cards are available for sale and redemption at all Restaurants in the System
New or Additional Employee Training	\$1,000 to \$2,000	Upon demand	If you request training for a new employee or an existing employee that you want to send for training
On-line and Mobile App Ordering	Up to \$100 per month	Upon demand	Payable to our approved supplier, includes tablet application (“Mobile App”) fees
Retail Technology (Note 14)	Varies as we implement various new technology initiatives. Usually paid to a third party.	Varies	We may withdraw fees from your pre-authorized account on behalf of us or a third party. See Note 14
Taxes and Other Fees (Note 15)	Varies by State	Payable when fee is due	See Note 15
Refurbishment or Remodeling	Will vary under the circumstances	As incurred	We may require you to update or upgrade your Restaurant to meet our then-current image. We will not make this request more frequently than every five years

Type of Fee <sup>(1)</sup>	Amount	Due Date	Remarks
Development Agent Advertising	\$12,000	Must be spent annually	You must conduct advertising to solicit franchise sales in your Development Area
Radio Fees	Up to \$75 per month	Upon demand	For in-restaurant radio channel and programming system
Reward & Loyalty Program Fees	Up to \$100 per month	Upon demand	For participation in the reward and loyalty program.
Guest Satisfaction Fees	Up to \$50 per month	Upon demand	For participation in the guest satisfaction program
Database Management Fees	Up to \$100 per month	Upon demand	For management of customer database, including, but not limited to, name, home address, Email address, mobile phone, birthday

**Note 1.** Please note, the table above and the following notes are a general summary only. You can only obtain a full understanding of the MOOYAH® System and the costs involved by reading all franchise documentation completely, and obtaining independent legal, accounting, and business advice in relation to your proposed investment. Unless noted differently, all of the fees in this Item 6 are payable to us. These imposed fees are nonrefundable, except we may refund a portion of the transfer fee. These fees are the same for all persons currently acquiring a franchise, except as noted below.

**Note 2 – Royalty Fee.** “Gross sales” includes all sales of every kind made from your Restaurant. Gross sales do not include any amounts you collect for state or local sales taxes or any adjustments or refunds to your customers. The royalty is the same for all persons currently acquiring a franchise. The royalty is payable to us. We may pay up to one-third of collected royalties to third parties who assist with the development of our System, including existing Development Agents. The royalty is payable weekly and is due on Monday of each week (or the next business day if Monday is not a business day). You must submit signed forms to allow us to withdraw funds from your bank account for the full amount of the weekly accruals of royalties, advertising fees, and other amounts you will owe us.

**Note 3 – Advertising Fees.** You must pay us 3% of gross sales of your Restaurant for advertising. We will deposit that money into an advertising fund administered and maintained by us. The advertising fund is described in Item 11. Upon 60 days’ advance written notice to you, we may increase the advertising fee to a maximum of 4% of gross sales. At any time, franchisees may temporarily or permanently increase the advertising percentage for either the country or any market by a 2/3 vote on the basis of one vote for each operating Restaurant. The advertising fee is the same for anyone currently buying a franchise. You pay the advertising and royalty fees at the same time on a weekly basis.

**Note 4 – Audit Fees.** If we determine, after conducting an audit, that you under-reported gross sales, you will pay us the Royalty, Advertising Fees and other charges due on the gross sales that were not reported, plus interest and the late fees (the “Overdue Amount”). If reported gross sales for any calendar year are less than 98% of the actual gross sales for that period, you will reimburse us for the Overdue Amount and all costs of the investigation, including salaries, outside accountant fees, outside attorneys’ fees, travel, meals, and lodging (the “Audit Costs”). If reported gross sales for any calendar year are less



than 95% of the actual gross sales for that period, you must pay us the Overdue Amount, the Audit Costs and an Under-Reporting Fee equal to 100% of the Overdue Amount. This charge covers the damages we suffer for your under-reporting, which is injurious and prejudicial to the System, the Proprietary Marks, and the goodwill associated with the System and Proprietary Marks. However, we will not impose this charge if you can show that you diligently used our control systems each week, and that your under-reporting was due solely to employee theft that could not be detected with our control systems. We may also terminate your Franchise Agreement if you fail to properly report gross sales for any calendar year.

If we notified you in writing of an audit at least five days in advance and you fail to produce your books and records at the time of the audit, you must pay for all costs we incur. If you fail to submit all of your information to be audited, we may estimate your sales and charge you based upon the estimate.

**Note 5 – Late Payment Fees.** We may change or eliminate these fees. We may charge interest at up to 18%, but not greater than the maximum rate allowed by law in the state where our principal office is located or your Restaurant is located, whichever is higher.

**Note 6 – Transfer Fee.** The \$15,000 transfer fee is non-refundable if the buyer attends any portion of our training course. If the buyer does not attend training and we have prepared the Consent-to-Transfer, we may refund the transfer fee, minus \$1,000, if you do not complete the transfer within 60 days after you received the Consent-to-Transfer. We will credit any deposit to the transfer fee and/or other money due to us by you if the buyer successfully completes training and purchases your franchise, and we will refund any balance. We may reduce the transfer fee when our costs are lower. Deleting one or more individuals as franchisee is a transfer, but you pay a reduced fee if you do not also add new individuals to the Franchise Agreement. A full or partial refund is possible. You must cancel, and then the buyer must obtain, any permits, licenses, registrations, certifications or other consents required for leasing, constructing, or operating the Restaurant. We are authorized to cancel any permits, licenses, registrations, certifications or other consent that you do not cancel within a reasonable time. You must pay for any costs of cancellation. We pay third parties that assist us with the development of the System, including existing Development Agents, approximately one-third of the transfer fees.

We will not become involved in the sale of any real estate included or contemplated in your sale terms and we will not be responsible for any loss or gain resulting from any sale, failure to sell or delay of the sale of the real estate. Any loss or gain shall be incidental, consequential, contingent and not part of the transfer of your Restaurant and the Franchise Agreement. You may only transfer your Restaurant and the Franchise Agreement individually and not as part of a sale of multiple Franchise Agreements and Restaurants that you own, unless we grant you written permission. We will not be liable for failure to allow a sale of more than one Restaurant under the same transfer.

You may use the franchise fee of a current, unused franchise that you own toward the payment of a transfer fee. You will sign a release terminating the unused franchise and will receive back any portion of the fee that we do not apply to the transfer fee. If the applied franchise fee is not enough to cover the transfer fee, you will pay the difference.

**Note 7 – Insurance.** A summary of the insurance requirements is listed in Item 8. Your insurance costs may be higher depending upon the geographic location and construction of your Restaurant. **YOU MUST PARTICIPATE IN ANY INSURANCE PROGRAM WE SPECIFY.** If you fail to meet our insurance requirements in violation of your Franchise Agreement, you will reimburse us for the reasonable costs we incur to enforce this obligation. These costs include premium costs (if we obtain insurance coverage on your behalf, which we are not obligated to do), mediation and arbitration fees, court costs, attorneys' fees, management preparation time, witness fees, and travel expenses incurred by us or our agents or representatives.

**Note 8 – Non-compete Violation.** You cannot engage in any business identical to or similar to your Restaurant during the term of your Franchise Agreement. You cannot associate with any fast-casual, quick service burger business within five miles of an existing or former MOOYAH® Restaurant for two years after your Franchise Agreement terminates. These fees are non-refundable. See Exhibit A.

**Note 9 – Confidentiality Violation.** You may not disclose our trade secrets and confidential information, including the contents of the Operations Manual.

**Note 10 – Trademark Violation.** You must stop using the Proprietary Mark and other marks and materials associated with a MOOYAH® Restaurant, and return whichever form of the Operations Manual you have in your possession when your Franchise Agreement terminates or expires. If you do not stop using the Proprietary Mark, you must pay this fee.

**Note 11 – Operations Manual.** You will be provided with a copy of the Operations Manual in either electronic or paper form. If we have a record of shipment to you, you will pay the non-refundable replacement fee if you do not notify us of non-receipt within three months after you purchase your franchise. You must also pay the replacement fee if you do not notify us of non-receipt of an updated version of the Operations Manual within three months after we provide you with shipping notification of the updated Operations Manual and we have a record of shipment to you. If you transfer your Restaurant, you must provide your copy of the Operations Manual to the new franchisee on the date of transfer. If you do not have your copy of the Operations Manual to provide to the new franchisee, you must request a replacement copy at least three weeks before the transfer date and pay the replacement fee.

**Note 12 – Dispute Resolution.** For fee information concerning arbitration, you can call your local office of the American Arbitration Association, American Dispute Resolution Center, or other arbitration agency (as applicable). You will also have to pay your own costs related to the proceeding, including the costs of your own lawyer or other advisors as well as travel expenses to Texas. You may also be liable to us for our collection costs, including lawyers' fees.

You will pay us a Probationary Case Management fee of \$500 if you breach the provisions of the Franchise Agreement and we settle with you and allow you to continue operation of your Restaurant on the condition that you comply with the terms of our probationary agreement. You will pay us an extension fee of \$250 if we grant you an extension of the probationary agreement. You will pay us an Interim Order Case Management fee of \$250 if you breach the provisions of the Franchise Agreement and we settle with you after arbitration has been filed to allow you to continue operation of your Restaurant on the condition that you comply with the terms of our interim order. You may also have to pay additional fees as part of a settlement. If we commence arbitration against you for failure to comply with the Operations Manual or Franchise Agreement and we then approve the transfer of your Restaurant, you may have to pay us a Litigation Expense fee in an amount equal to 5% of the gross consideration you receive from sale of the your Restaurant, not to exceed \$5,000. These fees cover our costs to enforce your obligations to meet our System standards.

**Note 13 – Non-Compliance with Operations Manual.** If you fail to operate your Restaurant in compliance with the Operations Manual for three consecutive months and we file for arbitration to terminate your Franchise Agreement, then you will pay us an additional 2% of gross sales of your Restaurant until the arbitrator has rendered a decision or the arbitration has been dismissed by mutual agreement of the parties. If you prevail in arbitration, we will refund the amount charged. The monies derived from this charge will cover the costs for enforcement of our compliance standards, administrative expenses, and damages to the Proprietary Mark and goodwill associated with the System.

**Note 14 – New Technology.** In the future, you may be required to invest in and implement new technology initiatives at your own expense, which may include WIFI and software management applications, surveillance system, e-learning, and software applications designed to better manage business functions and control costs. We may designate the supplier you use for any goods and services associated with these initiatives. In some instances, an investment may be necessary for hardware or equipment purchases and software licenses. You may be required to purchase this hardware and equipment from a supplier we designate. Additionally, there may be service fees associated with some of these initiatives.

**Note 15 – Taxes and Other Fees.** You must pay any sales tax, use tax, gross receipts tax, or any similar tax on your fee payments. Taxes may be payable to your state, county, or town. We or another entity to which you pay fees will pass on to you the cost of any taxes we or the other recipient must pay directly to the taxing authority. We may collect taxes from you that the law requires you or us to pay. You will reimburse us for any fees or taxes we must pay in connection with the operation of your Restaurant.

**ITEM 7**

**ESTIMATED INITIAL INVESTMENT**

**YOUR ESTIMATED INITIAL INVESTMENT**

<b>Type of Expenditure*</b>	<b>Amount Low – High</b>	<b>Method of Payment</b>	<b>When Due</b>	<b>To Whom Paid</b>
Initial Franchise Fee (1)	\$20,000 to \$30,000	Lump Sum	When Franchise Agreement is signed	Us
Rent and Security Deposit (2)	\$4,200 to \$14,100	As Arranged	As Arranged	Lessor
Leasehold Improvements (Not Including Tenant Improvement Allowance) (2)	\$156,000 to \$204,000	As Arranged	As Arranged	Contractor
Furniture, Fixtures, Equipment, and Signage (3)	\$96,600 to \$168,700	As Arranged	As Invoiced	Suppliers
Initial Training Costs (4)	\$6,000 to \$15,900	As Arranged	As Invoiced	Employees and Suppliers
Computer Hardware and Software (5)	\$12,000 to \$15,000	As Arranged	As Arranged	Suppliers
Initial Inventory/Supplies (6)	\$11,500 to \$18,000	As Arranged	As Arranged	Suppliers
Uniforms	\$500 to \$2,200	As Arranged	As Arranged	Suppliers

<b>Type of Expenditure*</b>	<b>Amount Low – High</b>	<b>Method of Payment</b>	<b>When Due</b>	<b>To Whom Paid</b>
Professional Services (7)	\$1,000 to \$5,300	As Arranged	As Arranged	Accountants, Lawyers, etc.
Grand Opening Promotional Expenses (8)	\$1,000 to \$10,000	As Arranged	As Arranged	Suppliers
Insurance (9)	\$450 to \$3,000	As Arranged	As Arranged	Insurance Broker
Licenses and Permits	\$700 to \$6,000	As Required	As Required	Government Agencies
Additional Funds – for initial 3 month period (11)	\$25,000 to \$40,000			
<b>TOTAL (2)(12)</b>	<b>\$334,950 to \$532,200</b>			

\* We have relied on our franchisees' and our own experiences in developing and operating MOOYAH® Restaurants since 2007 when preparing the above estimate, which represents our estimate of the costs you may incur in establishing a MOOYAH® Restaurant.

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 refundable in certain circumstances. We do not finance any portion of your initial investment.

**Notes:**

**1. Initial Franchise Fee.** The franchise fee for a MOOYAH® Restaurant franchise is \$30,000 for all franchisees purchasing their first MOOYAH® Restaurant franchise. The franchise fee for a second or later MOOYAH® Restaurant franchise is \$20,000 for all franchisees.

**2. Rent and Security Deposit; Leasehold Improvements.** MOOYAH® Restaurants are typically located in commercially zoned shopping or entertainment areas. Due to the cost of land acquisition and new construction, the premises for MOOYAH® Restaurants are normally leased. We assume that you will lease the premises for the Restaurant and do not include costs of land acquisition and construction of a building. The leasehold improvements estimate is based on the cost of adapting our prototypical architectural and design plans (including architect fees) to a facility containing approximately 2,300 square feet. The leasehold improvement estimate will be affected by various factors like the location of the Restaurant, local market conditions, wage rates, and whether you must use union labor. The estimates assume that the landlord will provide connections to adequate electrical, gas, water and sewage service. Your actual costs may or may not include site preparation and finish-out costs, depending on the arrangements you negotiate with your landlord. If your landlord contributes to the cost of finish-out, total leasehold improvement costs could be reduced by up to \$50 per square foot; last year our franchisees realized actual tenant improvement allowances of between \$40,100 and \$90,530. These estimates may vary substantially based on your ability to negotiate with your landlord and your financial strength, as well as on local commercial leasing and labor rates and other local conditions. We require franchisees to use our approved supplier to prepare the initial layout for the Restaurant, and we encourage, but do not require, franchisees to use this approved supplier to prepare all architectural

drawings and plans for the Restaurant. If you engage an architectural firm other than our approved supplier to prepare the Restaurant's architectural drawings and plans, the final drafts of these drawings and plans must be reviewed and approved by our approved supplier at your expense to ensure compliance with our specifications. These additional review costs are not included in this estimate.

3. ***Furniture, Fixtures, Equipment and Signage.*** These amounts include the cost of the furniture, fixtures, equipment, decor items and signage required for your MOOYAH® Restaurant.

4. ***Initial Training Costs.*** We provide initial training to the first three people at no additional charge. Therefore, these amounts include only your out-of-pocket costs for the training of these people. You must pay all expenses you or your employees incur in the initial training program, like travel, lodging, meals and wages. These costs will vary depending upon your selection of salary levels, lodging and dining facilities, mode and distance of transportation, and the wages payable to your employees. If you register for and fail to attend the initial training program, or if you cancel a registration for the training program with less than 10 business days' notice, you must pay a nonrefundable cancellation fee of \$100 per person.

5. ***Computer Hardware and Software.*** This amount includes the cost of computer hardware and software that you must use in the operation of your MOOYAH® Restaurant. Our estimate also includes the set-up fee charged for online and text message ordering.

6. ***Initial Inventory/Supplies.*** We estimate that this range will cover the cost of certain small wares including utensils and dishes. This estimate also includes the cost of food, beverages, condiments and supplies for approximately the first 2 to 10 days of operations. This may also include the setup fees for programs related to the marketing and advertising for your restaurant.

7. ***Professional Services.*** This estimate includes the cost to establish an entity to hold the franchise and review the franchise documentation. The cost of professional services can vary widely. We strongly encourage you to engage an attorney and/or accountant to help you review and evaluate this franchise offering.

8. ***Grand Opening Promotional Expenses.*** You must carry out a grand opening promotion for the Restaurant in compliance with our written specifications within 4 weeks of opening. We must approve all advertising items, methods and media. At our request, you must give the grand opening promotional money to us and we will conduct the campaign on your behalf.

9. ***Insurance.*** This amount represents an estimate of the down payment on your annual insurance premiums. You must obtain the insurance coverage we require, which may be periodically changed. We must be named as an additional insured on these policies. Your cost of insurance may vary depending on the insurer, the location of your Restaurant, your claims history, and other factors.

10. ***Licenses and Permits.*** These are estimates of the costs for obtaining local business licenses which typically remain in effect for one year. These figures do not include occupancy and construction permits which were included in the leasehold improvement costs, nor does it include the cost of a liquor license. The cost of these permits and licenses will vary substantially depending on the location of the Restaurant.

11. ***Additional Funds.*** You will need additional funds during the start-up phase of your business to pay employees, purchase supplies and pay other expenses. We estimate the start-up phase to be three months from the date you open for business. These amounts do not include any estimates for debt service or payroll costs, and it does not include any revenues you may earn during the three month

start-up phase. You must also pay the royalty and other related fees described in Item 6 of this Disclosure Document. These figures are estimates, and we cannot assure you that you will not have additional expenses. Your actual costs will depend on factors like your management skills, experience and business acumen. You should base your estimated start-up expenses on the anticipated costs in your market and consider whether you will need additional cash reserves. You should review these figures carefully with your business advisor.

**12. Total.** Unless otherwise stated above, these estimates are subject to increases based on changes in market conditions, our cost of providing services and future policy changes. At the present time, we have no plans to increase payments we control. These are only estimates and your costs may vary based on actual rental prices in your area, and other site-specific requirements or regulations. The costs outlined in this Item 7 are not intended to be a forecast of the actual cost to you or to any particular franchisee.

We do not offer any financing for your initial franchise fee or any portion of your initial investment. Unless otherwise stated, the amounts described above are not refundable.

We have not included a separate table for the initial investment if you sign a Multi-Unit Operator Agreement. In addition to the Development Fee described in Item 5, a Multi-Unit Operator will incur the estimated investment described above for each Restaurant it develops, subject to inflation and other increases over time. If you are a Multi-Unit Operator, your professional fees (such as legal and financial) will probably be higher.

We have not included a separate table for the initial investment if you sign a Development Agent Agreement. In addition to the Development Agent Rights Fee described in Item 5, a Development Agent must also own and operate at least 20% of the total number of Restaurants in the Development Area, and the Development Agent will incur the estimated investment described above for each Restaurant, subject to inflation and other increases over time. If you are a Development Agent, your professional fees (such as legal and financial) will probably be higher.

## **ITEM 8**

### **RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES**

At this time, we do not require you to purchase equipment, goods, computer hardware, supplies, equipment, or inventory, or real estate relating to the establishment or operation of your Restaurant from us or any affiliate, however, you must purchase or lease fixtures, equipment (including computer hardware and software), furnishings, products and related supplies that meet our minimum standards and specifications and are from suppliers that we approve. Specifications are available upon request and include minimum standards for quality, construction, economies of scale, name recognition, appearance, and function. In some cases, we may designate manufacturers and you must buy from them.

For example, you must purchase the following items from approved suppliers: (1) all food, paper products, and other supplies for your Restaurant. The designated supplier you must use will depend on the region of the United States in which your Restaurant is located; (2) soft drink products manufactured by The Coca-Cola Corporation at the Restaurant. You may purchase the soft drinks from your local Coca-Cola distributor; and (3) the point of sale and data management system software and related hardware from the supplier we designate.

We have the right to make available to you for resale in the Restaurant merchandise identifying the System. This may include MOOYAH® memorabilia, like T-shirts, cups and mugs. If we make this

type of merchandise available, we may require you to purchase it from a supplier we designate in amounts necessary to meet your customer demand.

You must locate a site for the Restaurant that satisfies our site selection requirements. You must have an initial layout of your Restaurant prepared in accordance with our specifications and submit it to us. You must adapt our prototypical architectural and design plans for the construction or remodeling of your Restaurant, as needed and in accordance with the initial layout, and provide them to us within 15 days after you acquire the site for the Restaurant. We have the right to review your plans and must notify you of our objections within 15 days after we receive your plans. If we do not notify you of any objections within that time, you may use the plans. If we do object within the 15-day time period, you may not use the plans. Any objections we make will also include a reasonably detailed list of changes that you must make for the plans to be acceptable. We will notify you within 15 days after we receive your revised plans if they are acceptable. If we do not object to your revised plans within the 15-day period, you may use the revised plans. Your plans must comply with all applicable laws, including the Americans with Disabilities Act, ordinances and building codes.

You must use our designated supplier for your architectural plans. You understand that our review of your plans is only to verify that your MOOYAH® Restaurant will be constructed according to our specifications and the presentation of the Proprietary Marks. Our review is not intended to assess or verify compliance with any applicable law, regulation or building code. You must also engage a general contractor that has been approved by us to construct your Restaurant.

All of your advertising and promotions must conform to our standards and requirements. We must approve all advertising and promotional plans and materials before you use them if we have not prepared them or previously approved them during the 12 months preceding the date of their proposed use. You must submit any unapproved plans and materials to us, and we will approve or disapprove them within 20 business days after we receive them. You must not use the plans or materials until we have approved them, and must promptly discontinue using any advertising or promotional plans or materials, whether or not we have previously approved them, if we notify you to do so. Any proposed materials you submit to us for our review will become our property and there will not be any restriction on our use or distribution of these materials. At our request, you must include certain language in your advertising, including "Franchises Available" and our website and telephone number.

You must obtain and maintain insurance policies protecting you and us and various related parties against any demand or claim with respect to personal injury, death or property damage, or any loss, liability or expense related to or connected with the operation of the MOOYAH® Restaurant. These policies must be written by a responsible insurance carrier or carriers rated "A" or better by the A.M. Best Company, Inc. and that are acceptable to us. You must have the insurance coverages that we specify in the Operations Manual, and we reserve the right to change our requirements at any time. Currently you must carry the following minimum coverages: Statutory worker's compensation in the minimum amount required by law, comprehensive liability insurance, including products liability and completed operations coverage, in the minimum amount of \$2,000,000 per occurrence. You must also purchase general casualty insurance including fire and extended coverage, vandalism, theft, burglary and malicious mischief insurance for the replacement value of the Restaurant and its contents in the minimum amount of \$500,000; business interruption and rent insurance for a period adequate to reestablish normal business operations with coverage adequate to coincide with the value of the Restaurant Premises and its contents; and comprehensive plate glass insurance, if applicable.

If we have approved suppliers (including manufacturers, distributors and other sources) for any food and beverage items (including produce), ingredients, supplies, materials, fixtures, furnishings, equipment (including computer hardware and software) and other products used or offered for sale at the

Restaurant, you must obtain these items from those suppliers. You must also use a general contractor for the construction of your Restaurant that has been approved by us. Approved suppliers are those who demonstrate the ability to meet our then-current standards and specifications, who possess adequate quality controls and the capacity to supply your needs promptly and reliably, whom we have approved in writing and whom we have not later disapproved. We may designate ourselves or our affiliates as approved suppliers of any item. Currently neither we nor any of our affiliates are approved suppliers of products or services used or offered for sale at the Restaurant.

If we require that an item be purchased from an approved supplier and you wish to purchase it from a supplier we have not approved, or if you request our approval of a new item that you would like to offer at your Restaurant, you must submit to us a written request for approval. Our specific requirements for us to evaluate a proposed product or supplier are included in the Operations Manual. You must not purchase or lease the item or purchase or lease from the supplier until and unless we have approved the item or supplier in writing. We have the right to inspect the supplier's facilities, and to have samples from the supplier delivered to us or to an independent laboratory we designate for testing. We may re-inspect the facilities and products of any approved supplier, and may revoke our approval upon the supplier's failure to continue to meet any of our then-current criteria. You must reimburse us for the costs that we incur in the supplier approval process. We will do our best to approve or disapprove a proposed item or supplier within 45 days after we receive all information we request about the proposed item or supplier. Our specifications for products and criteria for supplier approval are generally issued through written communications and are available to franchisees and approved suppliers. We also reserve the right to disapprove any item or supplier upon notice in writing to you. When you receive notice from us that an item's or supplier's approval has been revoked, you must immediately stop purchasing that item and no longer use that item in your Restaurant, and stop purchasing from that supplier.

None of our officers owns an interest in any privately held suppliers, or a material interest in any publicly held suppliers, of the MOOYAH® franchise System. Our officers may own non-material interests in publicly held companies that may be suppliers to our franchise System.

Neither we nor our affiliates received revenue from the sale of products or services to our franchisees during our last fiscal year ending December 30, 2012. Additionally, neither we nor our affiliates received payments from any designated sources because of transactions with our franchisees during our last fiscal year ending December 30, 2012.

We may negotiate certain purchase arrangements (including price terms) for the purchase of certain items, such as logoed paper products, cups, and certain food products, with suppliers. In doing so, we seek to promote the overall interests of our franchise System and our interests as the franchisor. We or our affiliates may receive rebates from approved or designated sources, but we do not currently receive rebates based on purchases by our franchisees. We do not provide material benefits to franchisees based upon their use of designated or approved suppliers. There are currently no purchasing or distribution cooperatives for the System.

Your obligations to purchase or lease goods, services, supplies, fixtures, equipment, inventory and computer hardware and software from us or our designee, from suppliers we approve or under our specifications are all considered "required purchases". We describe these obligations in detail in the preceding sections of this Item 8. The magnitude of required purchases in relation to all purchases you make to establish and operate the Restaurant is difficult to determine due to the highly variable nature of expenditures necessary to establish and operate the Restaurant as described in Item 7. We estimate that your total initial required purchases will be approximately 85% to 90% of the cost of your initial purchases or leases. We estimate your required purchases for the operation of the Restaurant will be 90%



or more of your annual purchases or leases. The majority of these required purchases will be from third parties under our specifications.

## ITEM 9

### FRANCHISEE'S OBLIGATIONS

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

Obligation	Section in Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	Franchise Agreement (FA) Paras. 1.b, 5.a Multi-Unit Operator Agreement (MUOA) Section 3	Items 1, 6, 7, 8, 11 and 12
b. Pre-opening purchases/leases	FA Paras. 5.a, 5.b, 5.c	Items 7, 8 and 10
c. Site development and other pre-opening requirements	FA Paras. 5.a, 5.b, 5.c Development Agent Agreement (DAA) Section 1	Items 6, 7, 8, 11 and 17
d. Initial and ongoing training	FA Paras. 4.a, 5.a(2) DAA Section 3	Items 11 and 15
e. Opening	FA Para. 5.a	Items 7 and 11
f. Fees	FA Paras. 1, 2, 5, 8.e, 8.g, 8.h, 9.a, 10.a, 10.h, 10.o, 11.f, 11.j, 11.k, 14 MUOA Sections 2 and 3 DAA Sections 1 and 4	Items 5, 6, 7, 10 and 17
g. Compliance with standards and policies/Manuals	FA Paras. 5.b, 5.c DAA Section 5	Items 8, 16 and 17
h. Trademarks and proprietary information	FA Paras. 3, 5.l, 5.m, 8.e, 8.h, 11.g MUOA Section 7 DAA Section 6	Items 6, 13, 14 and 17
i. Restrictions on products/services offered	FA Paras. 5.b, 5.c MUOA Section 7	Items 8 and 16
j. Warranty and customer service requirements	Not applicable	Not applicable
k. Territorial development and sales quotas	FA Para. 11.l MUOA Section 3 DAA Sections 1 and 5	Item 12
l. Ongoing product/service purchases	FA Para. 5.b	Item 8

Obligation	Section in Agreement	Disclosure Document Item
m. Maintenance, appearance and remodeling requirements	FA Paras. 5.b, 6 DAA Section 5	Items 11 and 17
n. Insurance	FA Paras. 5.c, 14 DAA Section 5	Items 6, 7 and 8
o. Advertising	FA Paras. 5.i, 14 DAA Section 7	Items 6, 7 and 11
p. Indemnification	FA Paras. 5.c, 14 MUOA Section 14 DAA Section 14	Items 6 and 7
q. Owner's participation/ management/staffing	FA Recital Para. I, Paras. 5.a, 9.a., 9.c. MUOA Section 7 DAA Section 5	Items 11 and 15
r. Records and reports	FA Paras. 5.f, 5.g, 14	Item 6
s. Inspections and audits	FA Paras. 5.g, 5.h MUOA Section 12 DAA Section 5	Items 6 and 11
t. Transfer	FA Para. 9 MUOA Section 11 DAA Section 8	Items 6 and 17
u. Renewal or extension of rights	FA Para. 7 MUOA Section 5 DAA Section 2	Item 17
v. Post-termination obligations	FA Paras. 8.e, 8.g, 8.h, 8.i, 11.b, 11.h, 13, 14 MUOA Section 10 DAA Section 12	Items 6 and 17
w. Noncompetition covenants	FA Paras. 5.d, 8.e, 8.g, 8.h MUOA Section 12 DAA Section 10	Items 6, 15 and 17
x. Dispute resolution	FA Paras. 10, 14, 17. Also see FA Paras. 5.d, 8.d, 8.e, 8.h MUOA Section 19 DAA Section 22	Item 17

## ITEM 10

### FINANCING

Neither we nor any agent or affiliate offers direct or indirect financing to you, guarantees any note, lease or obligation of yours, or has any practice or intent to sell, assign or discount to a third party all or any financing arrangement of yours.

All shareholders must guarantee the obligation if you assign your rights to operate the Restaurant to a corporate entity.

## ITEM 11

### **FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING**

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

***Pre-Opening Obligations – Multi-Unit Operator Agreement:*** Under the Multi-Unit Operator Agreement we or our existing development agent (if there is one for your Protected Area) will provide you with the following assistance:

1. We will grant to you exclusive rights to a Protected Area within which you will assume the responsibility to establish and operate an agreed-upon number of MOOYAH® Restaurants 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 Restaurant (Multi-Unit Operator Agreement – Section 8.1).
3. We will provide you with standard specifications and requirements for building and furnishing the Restaurant (Multi-Unit Operator Agreement – Section 8.2). You must use our approved architect to prepare construction plans to suit the approved location.
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 Restaurant (Multi-Unit Operator Agreement – Section 8.4).
6. We will provide other resources and assistance as may be developed and offered to our Multi-Unit Operators (Multi-Unit Operator Agreement – Section 8.5).

***Pre-Opening Obligations – Franchise Agreement:*** Before you open your MOOYAH® Restaurant, we or our designee will provide you with the following:

1. Initial training for the first three people at no additional cost, at times and locations we designate (Franchise Agreement, Subparagraph 4.a)
2. Approval of the location of your Restaurant. Under the Franchise Agreement, you must operate your Restaurant only at a single site of which you and we both approve, with consideration given to accessibility requirements of the Americans with Disabilities Act. You must find a location. We will not unreasonably withhold approval of a location you find. You must submit a location approval request describing the proposed location. See section 3 below and Item 5. We will accept or reject the location within a reasonable time, typically 3-4 weeks, and provide reasons if we reject the location. We have a site review procedure conducted at our sole option to address concerns regarding the positioning of Restaurants. Depending upon the results of the procedure, we may approve or disapprove a location or suspend development. Our approval is not a guarantee of your success at the location. The factors we consider in site evaluation include the potential customer base, traffic patterns, proximity to strong

population back-ups, visibility, and parking. If we and you cannot agree on a site, we may terminate the Franchise Agreement.

3. Approval of the lease for the location of your Restaurant. Our approval of the lease will not be unreasonably withheld. You must sign the lease within 180 days from the date of your Franchise Agreement. As described in Item 5, you may purchase from us an extension of this time.

4. Standards and specifications for the layout, design, appearance, and equipment for your Restaurant. See Franchise Agreement, Subparagraph 3.a. The Operations Manual contains the standards and specifications.

5. A representative or Development Agent whom you may consult for advice and guidance concerning the operation of your business, during our representative's or Development Agent's normal business hours. See Franchise Agreement, Subparagraph 4.b.

6. Use of the Operations Manual and other materials for the operation of your Restaurant. See Franchise Agreement, Subparagraph 3.a. The Operations Manual and other materials are strictly confidential and their use is subject to Paragraph 8 of the Franchise Agreement.

We estimate that it will be approximately 180 to 270 days from the time you sign the Franchise Agreement to the time you begin operations. This time period may be shorter or longer depending on the modifications that must be made to the site to accommodate your MOOYAH® Restaurant, availability of building materials, construction delays, weather delays, and similar factors. You must open your Restaurant for business within 12 months after signing the Franchise Agreement, unless we give you a written extension. (Franchise Agreement, Section 2.3.)

***Continuing Obligations – Franchise Agreement:*** During the operation of your MOOYAH® Restaurant, we or our designee will provide you with the following:

1. A representative or Development Agent whom you may consult for advice and guidance during our representative's or Development Agent's normal business hours. (Franchise Agreement, Subparagraph 4.b).

2. A program of assistance, including: (a) periodic consultations with our representative or Development Agent in a location we designate, (b) written materials with new developments and techniques, and (c) access to office personnel during our normal business hours for consultations. See Franchise Agreement, Subparagraph 4.c.

3. The option for you to relocate your Restaurant only with our prior written consent under Paragraph 6 of the Franchise Agreement. You have one year to relocate and reopen your Restaurant if you have received our prior written approval. All of your accounts with us for each MOOYAH® Restaurant you operate must be current and the lease for the former location of your Restaurant must be terminated and settled before reopening. You will pay all expenses and liabilities to terminate the lease for the former location and any relocation expenses. In finding a relocation site, you must give consideration to the accessibility requirements of the Americans with Disabilities Act. If a proposed site is not accessible, you must provide plans to make the site accessible, or we may request that you identify an alternative accessible location. The selection and construction of any new location will be subject to our requirements in the Operations Manual in effect at that time.

4. An advertising fund to promote and benefit all MOOYAH® Restaurants in the System, as described below.

5. Updates to the Operations Manual, including changes to required specifications and updated lists of approved suppliers, which will be provided to you in writing.
6. Review of proposed advertising materials you wish to use.
7. Maintenance of a website for the MOOYAH® System.
8. We reserve the right to hold periodic refresher training programs or an annual meeting of our franchisees. If we choose to hold these programs, we may designate that attendance at any training program or meeting is mandatory for you and/or your Restaurant personnel. You must pay all expenses your attendees incur while attending these programs, including travel, lodging, meals and applicable wages. We reserve the right to charge a nominal fee for training programs or franchisee meetings.
9. Maintenance of a gift card program.
10. Conduct a monthly assessment test of your Restaurant.

### ***Advertising***

Your advertising contributions are collected by us and deposited into an advertising fund administered by us. In accordance with your franchise agreement, you must pay to us or our designee an advertising fee equal to 3% of gross sales of your Restaurant. Currently, the advertising fee is deposited into the MOOYAH® Advertising Fund ("MAF"), our chainwide advertising fund. All advertising fund contributions will be spent solely on advertising and related expenses for the benefit of MOOYAH® franchisees. We do not use advertising fund contributions to solicit new franchise sales. We currently maintain and administer all of the advertising contributions paid by franchisees. You must also conduct a grand opening advertising and promotion program for your Restaurant and spend between \$1,000 and \$10,000.

At any time, franchisees may temporarily or permanently increase the advertising fee percentage for either the country or any local market by a 2/3 vote on the basis of one vote for each operating Restaurant. Advertising fees will be payable weekly together with the Royalty Fees and must be paid by electronic funds transfer. Advertising fund contributions are non-refundable. The amount of monies from the MAF allocated to each individual market may vary, depending upon the conditions of the market.

We may use MAF contributions to purchase advertising on radio, in newspapers, direct mail, free standing inserts, and other advertising and promotional vehicles, on the national and local level. Various promotions may be conducted and you must participate in these promotions, including national, regional and local pricing promotions. A small portion of the contributions are occasionally used for regional promotions. We have discretion over the creative concepts, materials and endorsements used, and the geographic, market, and media placement and allocation. We will make the decision on what medium to use. We may occasionally hire national or regional advertising agencies to assist us with providing these services. We are not obligated to advertise in the area where you locate your franchise.

We may use MAF contributions for activities associated with the administration, maintenance, and creation of the MAF but not more than 10%. We may spend in any fiscal year an amount greater or less than the total contributions of all MOOYAH® Restaurants to the MAF in that year. If any money remains in the MAF at the end of any fiscal year, it will be used in the next fiscal year.

We cannot assure you that expenditures by the MAF in or affecting any geographic area will be proportionate or equivalent to the contributions to the MAF by MOOYAH® Restaurants or that any MOOYAH® Restaurant will benefit directly or in proportion to its contribution. See Subparagraph 5.i. of the Franchise Agreement. We are not required to spend any particular amount on advertising in the area in which your Restaurant is located. See Subparagraph 5.i. of the Franchise Agreement. The MAF was not formed to make a profit. If the MAF has any income, it will be used solely for the collective advertising and promotional benefit of the MOOYAH® franchises, and no part will benefit solely us or any individual franchisee. You may obtain an accounting of advertising expenditures by submitting a written request to us. We are not required to have the MAF audited.

We will provide you with copies of prepared advertising, marketing and promotional formats, and materials that are suitable for use at MOOYAH® Restaurants. We will provide these items to you at the cost of producing them, payable when the materials are ordered. These payments are non-refundable. See Subparagraph 5.i. of the Franchise Agreement. You may develop advertising materials for your own use, at your own cost. Any and all advertising materials you develop must be approved by us before distribution, as provided in the Operations Manual. You must submit to us in writing for our approval all press releases, policy statements and samples of all local advertising, marketing and related materials not prepared or previously approved by us. Our approval will not be unreasonably withheld. Pamphlets, brochures, cards or other promotional materials offering free or discounted MOOYAH® Restaurant products may only be used if approved in advance. If written approval is not given within 15 days from the date of receipt of the materials, it will be deemed that approval was not granted. At our request, all local advertising materials must include certain language, such as "Franchises Available" and our website address and telephone number. You must list your Restaurant in the principal telephone directories distributed in your metropolitan area. See Subparagraph 5.i. of the Franchise Agreement. You will not establish a local domain name for a website using the word "MOOYAH" without our prior written authorization, which we do not have to provide. You are strictly prohibited from promoting your Restaurant or using the Proprietary Mark in any manner on social or networking websites, such as Facebook, LinkedIn, MySpace and Twitter, without our prior written consent.

The allocation of MAF contributions will be determined by us, based on advice and counsel from the chainwide advisory council, when the council is established.

There are no existing cooperatives at this time. In the future, we may approve of their formation. At the present time, their formation is not required.

You must conduct local advertising to promote your MOOYAH® Restaurant. If you have developed your own advertising materials that you want to use, you must first submit these materials to us for our approval. If we do not provide our specific approval of these materials within 15 days after we receive them, the materials are deemed not approved.

During the last fiscal year ending December 30, 2012, 5% of the total advertising contributions collected went toward creative production, 63% toward media placement, 10% toward advertising for all markets, 1% toward administration, and 31% on agency services.

### ***Website / Extranet***

Websites (as defined below) are considered as "advertising" under the Franchise Agreement and are subject (among other things) to our review and prior written approval before they may be used (as described above). The term "Website" means an interactive electronic document contained in a network

of computers linked by communications software, that you operate or authorize others to operate and that refers to the MOOYAH® Restaurant, Proprietary Marks, us, or the System. The term Website includes Internet and World Wide Web home pages.

In connection with any Website, the Franchise Agreement provides that you may not establish a Website related to the Proprietary Marks or the System, nor may you offer, promote, or sell any products or services, or make any use of the Marks, through the Internet without our prior written approval. As a condition to granting any consent, we will have the right to establish any requirement that we deem appropriate, including a requirement that your only presence on the Internet will be through one or more web pages that we establish on our Website.

We will have the right to establish a website or other electronic system providing private and secure communications (e.g., an extranet) between us, our franchisees, and other persons and entities that we decide are appropriate. If we require, you must establish and maintain access to the extranet in the manner we designate. Additionally, we may periodically prepare agreements and policies concerning the use of the extranet that you must acknowledge and/or sign.

You are strictly prohibited from promoting your Restaurant or using the Proprietary Marks in any manner on any social and/or networking Websites, such as Facebook, LinkedIn, MySpace and Twitter, without our prior written consent.

### ***Computer and Point of Sale Systems***

You must install and maintain the computerized point of sale system at the Restaurant that is capable of running the software that we require. The computer system must have equipment, software, peripheral equipment, high speed internet connection (such as a DSL or cable modem) and capabilities meeting our standards and specifications for processing speed, memory and electronic mail capabilities. The computer system you use must meet our POS standards for hardware, software and data transmission. You must transmit sales and other financial data to us electronically no less often than once a week.

Future software standards must be met within six months of publication. Future hardware standards must be met on the compliance date we impose. Additionally, we will not test, offer technical support, nor accept responsibility in relation to any software or hardware. Neither we nor any affiliate of ours will provide you with maintenance, updates or upgrades for any portion of your computer system.

You must upgrade or update your computer system to maintain full operational efficiency and to keep pace with changing technology and updates to our requirements. (Franchise Agreement Paragraph 5.f.) The average life-cycle for computer systems is three to four years. There are no limits on either our right to require you to upgrade or update your computer system, or the cost of any updates or upgrades.

We will have independent access to the information and data collected and/or generated by your computer. We intend to collect primarily sales and related data from our franchisees on a daily basis. There are no restrictions on our use of this data.

We estimate that the initial cost of the computer and point-of-sale system will be approximately \$12,000 to \$15,000, depending on the number of terminals installed at your Restaurant. You must also purchase a subscription for annual support and maintenance from the approved supplier. Under this subscription, you must pay approximately \$200 per year for maintenance, support and updates. You must also purchase an annual subscription for data warehouse services for approximately \$600 per year.

If you are a Development Agent, you must have a mobile telephone, a business telephone, an operating fax machine, email address and a laptop computer with current versions of Windows, Microsoft Office and other software required by us. The mobile phone number, the business phone number, the fax number and email address must be given to each franchisee in your Development Area and to us.

### ***Confidential Operations Manuals***

We will issue you a copy of the Operations Manual in either electronic or paper form when you arrive for training. We will periodically issue you an updated copy of the Operations Manual in electronic or paper form. We do not normally issue the Operations Manual to prospective franchisees but will permit you to inspect the Operations Manual at our headquarters or at your Development Agent's office or elsewhere, upon your request, before you purchase the franchise. You must sign a confidentiality agreement if we request, to protect the confidentiality of the Operations Manual. You must wait 14 calendar days or 10 business days (whichever is later) after you receive this Disclosure Document to sign the Confidentiality Agreement and view the Operations Manual.

We may modify the Operations Manual unilaterally under any condition and to any extent which we consider necessary to meet competition, protect trademarks, service marks, copyrights or trade names, or improve the quality of the product or service provided by the MOOYAH® Restaurant, if modifications are applicable to all franchisees. Any amendment to the Operations Manual will not unilaterally alter the fundamental rights and obligations created by the Franchise Agreement and this Disclosure Document.

### ***Training Programs***

Before you open for business, all individuals who sign your Franchise Agreement as Franchisee, as well as the General Manager and/or Manager, must attend and successfully complete the training program to our satisfaction. Before training, the General Manager and/or Manager (or any other person who is running the shift) must complete the required assessment to our satisfaction. If that person does not complete the required assessment to our satisfaction, he/she will not be accepted into our training program. For most effectiveness, we recommend that you schedule your training as close to the Restaurant opening as possible. The cost to provide training to the first three people is included in the initial franchise fee, but you will pay all expenses incurred by your trainees. You must also attend and successfully complete training if you purchase a franchise and existing Restaurant, but you may attend training after the closing of the transfer. To be registered for training, our Transfer Department must approve your transfer before we will process your registration request. You do not have to attend the training program again if you successfully complete the course once and then purchase an additional MOOYAH® franchises.

We offer classroom training split between Frisco and Plano, Texas. On-the-job training will take place at a MOOYAH® Restaurant located in close proximity to our headquarters. Currently, there is no fixed training schedule. Classroom work accounts for approximately 29 hours, and you will have approximately 167 hours of on-the-job training at a nearby Restaurant. We may periodically modify the training courses. Any changes made to the training courses will be referenced in the Operations Manual. The training program uses the Operations Manual, a course workbook, and other written materials as training materials. If you fail to complete the training program to our satisfaction, we may dismiss you from the training program, cancel your Franchise Agreement and refund one-half of your franchise fee. If more than one individual signs the Franchise Agreement, any one of the individuals who fails the training program may be dismissed from the training program, removed from the Franchise Agreement and no portion of the franchise fee will be refunded. Any Manager of the Restaurant, or their equivalents required to attend the training program, may also be required to successfully complete the training program to our satisfaction. We provide the training program for no additional charge. You must pay for



all of your personal expenses for all training programs, including lodging, meals and costs and expenses of transportation to and from the training center, and between the training center and the Restaurant where you will train, as well as wages and benefits expenses for any of your employees. We charge a cancellation fee if you fail to attend a training course that you register for or if you cancel your registration with less than 10 business days' notice.

Perfect attendance, completing the training program to our satisfaction, and acting in accordance with the Code of Business Conduct (the "CBC") are required to successfully complete this training obligation. The CBC requires that all staff, students and guests act in a professional manner at all times during the training program. You will be provided with a copy of the CBC the first day of the training program, which you must sign. You must adhere to the CBC while on our property, in training Restaurants, at area hotels and while attending any of our functions, dinners and social gatherings which might be considered a MOOYAH® sponsored event. We may dismiss you from the training program and terminate your Franchise Agreement if you fail to act in accordance with the CBC. Your franchise fee will not be refunded under these circumstances. We may dismiss any Manager of the Restaurant, or their equivalents, from the training program for failure to act in accordance with the CBC. In this event, you must appoint an individual to assume the position of Manager of the Restaurant or their equivalent and to satisfy our training requirements within 30 days after we give you notice.

We maintain a formal training staff. Training is currently overseen by the Director of Training. He/she is assisted by the Training General Manager. We reserve the right to draw upon the substantial experience of our and our affiliates' employees to assist in providing training. All Restaurant trainers must successfully complete the training program themselves and receive instruction in training methods. The minimum experience of Mr. MacIntosh, Mr. Mayo and the instructors in the field that is relevant to the subject taught and our operations is 1 to 25 years.

The subjects covered and other information relevant to our initial training program are described below.

### TRAINING PROGRAM<sup>(1)</sup>

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Orientation: Policies and Procedures Tour of the training restaurant	1 hours	1 hours	Frisco and Plano, Texas
Expectations of training and Schedule	.5 hour	0 hours	Frisco and Plano, Texas
Guest Obsession and Culture	1 hours	0 hours	Frisco and Plano, Texas
Basic Sanitation and Food Safety	1 hours	0 hours	Frisco and Plano, Texas
Hourly Station Training	5 hours	53 hours	Frisco and Plano, Texas
The Guest Experience	1 hours	0 hours	Frisco and Plano, Texas
Compliance Evaluation	1 hour	1 hour	Frisco and Plano, Texas
Introduction to Operations Manual	.5 hour	0 hour	Frisco and Plano, Texas
Sanitation, Cleanliness, Chemicals	.5 hours	0 hours	Frisco and Plano, Texas
Food Preparation and Delivery	.5 hours	15 hours	Frisco and Plano, Texas

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Safety and Security	.5 hours	0 hours	Frisco and Plano, Texas
Building and Equipment Start-up and Maintenance	.5 hours	0 hours	Frisco and Plano, Texas
Human Resources	3 hours	0 hours	Frisco and Plano, Texas
Restaurant Marketing and Community Relations	1 hours	0 hours	Frisco and Plano, Texas
Purchasing and Production	1 hours	0 hours	Frisco and Plano, Texas
Food Financial Controls	2 hours	2 hours	Frisco and Plano, Texas
Shift Management	1 hours	85 hours	Frisco and Plano, Texas
Restaurant Performance Leadership	2 hours	0 hours	Frisco and Plano, Texas
Team Building – Hourly	1 hours	0 hours	Frisco and Plano, Texas
Team Building - Management	1 hours	0 hours	Frisco and Plano, Texas
Restaurant Management Systems	1 hours	0 hours	Frisco and Plano, Texas
POS and Data Management System	1 hours	10 hours	Frisco and Plano, Texas
Reviews and Final Examination	3 hours	0 hours	Frisco and Plano, Texas
<b>TOTAL TRAINING HOURS</b>	<b>29 hours</b>	<b>167 hours</b>	Frisco and Plano, Texas

There is no specific time allocation by subject because this varies with the needs of each training group.

We reserve the right to hold periodic refresher training programs or an annual meeting of our franchisees. If we choose to hold these programs, we may designate that attendance at any training program or meeting is mandatory for you and/or your Restaurant personnel. You must pay all expenses your attendees incur while attending these programs, including travel, lodging, meals and applicable wages. We reserve the right to charge a nominal fee for training programs or franchisee meetings.

## **ITEM 12**

### **TERRITORY**

#### ***Franchise Agreement***

*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.*

You must obtain permission from us to relocate. We consider the same factors in evaluating any prospective relocation site as we do evaluating your initial site. If your lease for the premises of the Restaurant terminates without your fault, or if the premises are damaged, condemned or otherwise unusable, or if in your and our reasonable judgment there is a change in the character of the location of

the Restaurant sufficiently detrimental to its business potential to warrant its relocation, we shall grant permission to you for relocation of the Restaurant.

We may establish other franchised or company- or affiliate-owned outlets or other methods of distribution that may compete with your location. We may use methods of distribution other than through a MOOYAH® Restaurant location, including the Internet, catalog sales, telemarketing and other direct marketing using our trademarks. While additional restaurants or methods of distribution tend to increase name recognition and market share, in some instances sales at an existing Restaurant may be adversely affected by a new Restaurant opening or distribution channel. You must comply with the provisions of the Operations Manual to ensure that all Restaurants within the System provide a safe and healthy environment.

You may wish to open your Restaurant at a location which is close to a specific area where we plan to develop a MOOYAH® Restaurant, and the sales of your Restaurant could be materially impacted once both MOOYAH® Restaurants are open and operating.

We do not presently intend to establish other franchises or company- or affiliate-owned outlets selling similar products or services under a different trade name or trademark, but we reserve the right to do so. We retain the exclusive, unrestricted right to produce, distribute, and sell products under the MOOYAH® name or other mark, directly and indirectly, through our employees, representatives, licensees, assigns, agents, and others, at wholesale, retail, and otherwise, at any location or by any method of distribution such as the internet, catalog sales, telemarketing, or other direct marketing sales, to make sales within your territory, without restriction by any right you may have, and without regard to the location of other MOOYAH® Restaurants. You will not receive any compensation from us in connection with any production, distribution or sales described in this paragraph. We may use methods of distribution other than through a MOOYAH® Restaurant location, including the Internet, catalog sales, telemarketing and other direct marketing. We and our affiliates have unlimited rights to compete with you and to license others to compete with you. You do not have any right to exclude, control, or impose conditions on the location or development of any MOOYAH® Restaurant, or other method of distribution such as the internet, catalog sales, telemarketing, or other direct marketing sales under the MOOYAH® mark or any other mark.

We intend to develop a substantial number of MOOYAH® Restaurants throughout the United States. We have divided the country into market areas to plan the development of our System. We may define these market areas as one or more entire states and/or portions of one or more states. Because we do not know the ultimate development of each market, we approach each market using as a starting point a guideline of one Restaurant for every certain number of population within the market, and then we modify our development goals for the specific market based upon the characteristics of the market. In many markets, we will increase our development goal and plan to establish more than one Restaurant per unit of population. The sales for your Restaurant may be negatively impacted if we increase our development goals and establish a high Restaurant density in your market. Characteristics which may lead us to increase the development goal include the number of locations in the area established by competitors, a concentration of people who tend to dine out and their dining out habits, a growing population and the overall volume of people in the market. We cannot guarantee that any Restaurants developed in accordance with our development goal will be successful. The opening and success of additional Restaurants depends upon many factors, including recognition and availability of suitable locations, hiring of qualified employees, economic conditions, and ability to negotiate appropriate lease terms.

We do not guarantee your success. You must be prepared to compete with other restaurants with respect to price, quality of services, location and customer satisfaction. The opening and success of

additional restaurants depends upon factors such as recognition and availability of suitable locations, hiring of qualified employees, economic conditions, and ability to negotiate appropriate lease terms.

You should realize there may be some market areas where it may take more time for you to find a suitable location and where you personally may need to spend more time managing your Restaurant. You may also need to spend more money on advertising in some market areas to increase the name recognition of your franchise. Additionally, due to changes in demographic patterns and economic conditions, we cannot guarantee that the location you choose will always be a suitable location. If conditions diminish in the neighborhood where your Restaurant is located, you may suffer a decrease in sales.

### ***Multi-Unit Operator Agreement***

Under the Multi-Unit Operator Agreement we grant you the right to develop and operate the number of MOOYAH® Restaurants in the Protected Area that is specified in the Minimum Performance Schedule, which is an exhibit to the Multi-Unit Operator Agreement. The Protected Area is typically described in terms of municipal or county boundaries but may be defined as a specified trade area in a municipality. The actual size of the Protected 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 Protected Area is not an assurance or warranty that there are a sufficient number of suitable sites for Restaurants in the Protected 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 Restaurants to be located within the Protected 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. Your territorial rights to the Protected Area may, in our discretion, include the right to develop Restaurants at any Non-Traditional Site (such as mall food courts, airports, hospitals, cafeterias, commissaries, schools, hotels, office buildings and stadiums, arenas, ballparks, festivals, fairs, military bases and other mass gathering locations or events).

Except as expressly limited by the Multi-Unit Operator Agreement, we and our affiliates retain all rights with respect to MOOYAH® Restaurants, the Marks, and any products and services anywhere in the world including the right: (a) to produce, offer and sell and to grant other the right to produce, offer and sell the products offered at Restaurants and any other goods through similar or dissimilar channels of distribution, both within and outside the Protected 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 Restaurants located outside the Protected Area under any terms and conditions we deem appropriate and regardless of proximity to your Restaurants; (c) to operate and to grant others the right to operate Restaurants at Non-Traditional Sites within and outside the Protected Area under any terms and conditions we deem appropriate; and (d) the right to acquire and operate a business operating one or more Restaurants or food service businesses located or operating in your Protected Area.

After you have completed the Minimum Performance Schedule, if we believe that it is desirable to establish additional Restaurants within the Protected Area, and if you are in compliance with your Multi-Unit Operator Agreement, we will offer you the right to develop these additional Restaurants. 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 person or to develop the Restaurants ourselves.

To maintain your rights under the Multi-Unit Operator Agreement you must have open and in operation the cumulative number of MOOYAH® Restaurants 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 completion of the Minimum Performance Schedule and if you do not exercise the right of first refusal described above, your exclusive rights under the Multi-Unit Operator Agreement with respect to the Protected 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 Restaurants within the Protected Area. This right will be subject only to the territorial rights under the franchise agreements signed by you for Restaurants in the Protected Area. The Protected 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 Protected Area, except that you must meet your Minimum Performance Schedule.

**ITEM 13**  
**TRADEMARKS**

Under the Franchise Agreement and Development Agent Agreement, we grant you the right and license to use the name and Proprietary Mark MOOYAH®, which we own, and other marks we designate. The Multi-Unit Operator Agreement does not grant you the right to use the Proprietary Marks. The term “Proprietary Marks” means trade names, trademarks, service marks, and logos used to identify your Restaurant or the goods or services you offer. You may only use the Proprietary Marks we designate for use with your Restaurant, and you may use them only in the manner we authorize and permit. The following is a list of the primary Proprietary Marks we may authorize you to use. This list does not include all of the marks we own. We may add or subtract from this list. We have registered these marks and other marks with the United States Patent and Trademark Office (“USPTO”) on the Principal Register, and have filed all required affidavits and renewals.

<b>Mark</b>	<b>Application Date</b>	<b>Serial Number</b>	<b>Registration Date</b>	<b>Registration Number</b>
MOOYAH Burgers and Fries (word mark)	7/13/2006	78/928,491	2/12/2008	3,383,297
MOOYAH Burgers and Fries (design mark)	12/1/2006	77/054,773	5/20/2008	3,432,028
MOOYAH (word mark)	6/6/2007	77/199,292	3/24/2009	3,595,572
MOOYAH (design mark)	9/29/2010	85/140,850	8/9/2011	4,008,669
MOOYAH Burgers Fries Shakes	9/29/2010	85/140,843	8/9/2011	4,008,668

If you offer approved additional products, you will have the right and license under the Franchise Agreement to use any trademarks and service marks we may designate for the product lines. The right and license to use any additional trademarks and service marks will terminate if we discontinue your right to offer additional items or we discontinue or modify the Proprietary Marks. We may require a separate license for the Proprietary Marks in the future, which will terminate if we discontinue or modify the Proprietary Marks.

There are no effective material determinations of the USPTO, the Trademark Trial and Appeals Board, the Trademark Administrator of any state or any court in the United States concerning the Proprietary Marks. There is no pending infringement, opposition, or cancellation action in the United States. There is no pending material litigation involving the Proprietary Marks in the United States.

There are no agreements currently in effect which significantly limit our rights to use or license the use of any mark in a manner material to the franchise.

We do not entitle you, at any time, either by implication or otherwise, to the MOOYAH® Proprietary Marks, or any other marks associated with the System. You will not establish title by use, registration, or other means to similar or related names and marks, including those you and all other franchisees generate while conducting business under the MOOYAH® name. You will not assist any third party or organization to register any MOOYAH® Proprietary Marks or any marks associated with the System. You have limited and temporary rights, and you will not, after expiration or termination of your Franchise Agreement, use the Proprietary Marks we licensed to you, directly or indirectly, for any purpose. If you violate this provision, you may be liable to us for \$250 per day. You may not dilute the Proprietary Marks in any way by engaging in advertising or improper behavior that may lessen the MOOYAH® System's reputation. You may not use the word "MOOYAH" as part of your business entity's name, including in any corporate name. You may not use the Proprietary Marks in a manner that degrades, diminishes, or detracts from the goodwill associated with the Proprietary Marks, nor will you use the Proprietary Marks in a manner which is scandalous, immoral, or satirical. You must promptly change the manner of your use if requested to do so by us. You will not establish a local domain name for a website using the word "MOOYAH" without our prior written authorization, which we do not have to provide. You will not contest the validity or ownership of any Proprietary Marks associated with the System, and you may not register them. **You must display in a prominent place in your Restaurant the following notice: "The MOOYAH® trademarks are owned by MOOYAH Franchise LLC, and the independent franchised operator of this Restaurant is a licensed user of these trademarks."**

You must notify us immediately when you learn about an infringement of or challenge to your use of any Proprietary Mark. We will take the action we think is appropriate. While we do not have to defend you against a claim arising because of your use of the Proprietary Marks, we will reimburse you for your liability if you used the Proprietary Marks in compliance with the Franchise Agreement or Development Agent Agreement. To receive reimbursement, you must notify us of the proceeding promptly after you learn about it, cooperate with us to defend the proceeding, and allow us to control the defense of the proceeding.

You must modify or discontinue the use of a Proprietary Mark if we modify or discontinue it. If we modify or discontinue the use of a Proprietary Mark in response to a third party's claim of infringement, our only obligation will be to reimburse you for your tangible costs to comply with our instructions, including your costs to replace signs and paper goods. We do not know of any infringing uses that could materially affect your use of the Proprietary Marks in any state.

## ITEM 14

### **PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION**

We do not own rights in or to any patents, pending patents or copyrights which are material to the franchise. We do claim common law copyright protection for various works, including printed matter, art work, advertising and promotional materials, instructional operating manuals, and the like, but we generally have not filed applications for copyright registration of any of these works.

We own proprietary rights to information related to the MOOYAH® System and the operation of a Restaurant. We will provide you, on loan, one copy of the Operations Manual in either electronic or paper form. We have not filed an application for registration of copyright in the Operations Manual, but we claim a copyright in our own works and we and our affiliates treat the information in the Operations Manual as proprietary and confidential trade secrets. The Operations Manual contains the components, requirements, duties, standards, procedures, policies, and specifications pertaining to the MOOYAH® System and the operation of a Restaurant. You must operate your Restaurant in accordance with the Operations Manual as it is revised. You must treat the Operations Manual and the information in it, as well as other information we make available to you, as highly confidential in accordance with your Agreement. We make this information available to you only because of your relationship with us.

You must maintain all of our confidential or proprietary information as confidential, both during and after the term of the Franchise Agreement. You may not at any time disclose the information you receive from us to any person except individuals involved in the operation of your Restaurant who have a need to know the information. If you do disclose confidential or proprietary information in violation of your Agreement, you will be liable to us for damages. We do not represent or guarantee that all aspects of the MOOYAH® System are exclusive to us or unique.

## ITEM 15

### **OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS**

You do not personally have to supervise your Restaurant, but you must attend and satisfactorily complete our training program. You must also send your managers to our training program. Institutional-type franchisees must send their managers to manager training. We require that your Restaurant be under the direct, on-site supervision of a person who has successfully completed our training program. Even if you choose to employ a manager to supervise your Restaurant, we strongly recommend you personally devote a substantial amount of time to the Restaurant. Franchisees who do not devote their full time to the establishment, operation, and supervision of their Restaurants may have lower sales, higher costs, and less name recognition than franchisees who do devote their full time to their business. Your day-to-day tasks could include supervising employees, checking inventories, reviewing sales and operational costs, bookkeeping, and making reasonable efforts to ensure smooth and efficient operations. You must keep your Restaurant open within the hours specified in the Operations Manual, subject to local regulations, unless we approve different hours in writing.

You must sign the Franchise Agreement personally, meaning you are personally liable for the obligations of the franchisee under the Franchise Agreement. If more than one individual signs the Franchise Agreement, "you" refers to each individual. You are each personally jointly and severally liable for all of the obligations to us. If you satisfy certain requirements, you may assign your right to operate the Restaurant (but not the Franchise Agreement), to a corporate entity you control, but all of the owners of the corporate entity must guarantee the entity's performance in writing. We will not release you from liability under the Franchise Agreement. See Subparagraph 9.b. of the Franchise Agreement.

You must not disclose our confidential or proprietary information during or after the term of the Franchise Agreement, except to your employees who must have it to operate your Restaurant. You also must not engage in any business identical with or similar to the Restaurant business during the term of the Franchise Agreement. For two years after the franchise terminates or expires, or you make a permitted transfer, you will not be associated with a restaurant (other than a duly licensed MOOYAH® Restaurant) located within a radius of five miles of an existing MOOYAH® Restaurant or where a Restaurant had been located within the previous year. The reference to a geographic area does not give you any territorial or other exclusive rights.

#### **ITEM 16**

##### **RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL**

You must operate the Restaurant in strict compliance with all required methods, procedures, policies, standards and specifications of the MOOYAH® System in the Operations Manual and in other writings we issue. You must use the Restaurant premises only for the operation of a MOOYAH® Restaurant and you may not operate any other business at or from the location without our prior written consent. You must offer and sell only those goods and services we have approved.

You must offer all goods and services we designate as required for all franchisees. The Operations Manual states you must at a minimum offer the basic MOOYAH® menu. We must approve additional menu items. We may authorize tests of new products or services at company or affiliate owned or franchised restaurants. Based upon the results of these tests, we may make changes in our menu. We reserve the right to designate additional required or optional goods and services in the future and to withdraw any of our previous approvals. There are no limits on our right to do so. You must comply with our new requirements. We may also designate some goods and services as optional programs for qualified franchisees. To offer optional goods or services, you must be in compliance with your Franchise Agreement and the Operations Manual and meet any additional requirements we may have for the program, including state or local licenses, training, marketing, and insurance. The Operations Manual and other written or electronic materials we distribute contain written lists and requirements for optional programs. You may have to sign a license or sublicense with a third party providing these good and/or services.

We do not limit you to certain customers or to whom you may offer goods and services, but you may not sell any goods or services to another vendor for resale without our consent. You may not offer goods or services except from your approved location without our prior written consent.

#### **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	FA Paragraph 7 and Paragraph 5.a.(i)	Term is 10 years, but you must sign a lease within 180 days of franchise purchase or franchise terminates. We may grant you an extension.
b. Renewal or extension of the term	FA Paragraph 7	Two additional 5-year terms. We have the right to refuse to renew if you are not in full compliance. If you dispute our notice of intent not to renew, you must request to arbitrate the decision. Refer to Item 17.u. for arbitration procedures.
c. Requirements for franchisee to renew or extend	FA Paragraph 7	<p>You must give us written notice of your intent to renew; update or upgrade your Restaurant; not be in default; pay all money owed; retain right to Restaurant premises; pay us a renewal fee; sign general release; comply with then-current qualifications and training requirements.</p> <p>You may be asked to sign a contract with materially different terms and conditions than your original contract, but the fees on renewal will not be greater than the fees that we then impose on similarly situated renewing franchisees</p>
d. Termination by franchisee	Not Applicable	You do not have the right to terminate the Franchise Agreement, but if we do not cure a default within 60 days, you can seek arbitration. See Paragraph 11.i. of the Franchise Agreement.
e. Termination by franchisor without cause	Not Applicable	We may terminate only for good cause
f. Termination by franchisor with "cause"	FA Paragraph 8	We can terminate if you default. See u. below.

Provision	Section in Franchise Agreement	Summary
g. "Cause" defined – curable defaults	FA Paragraphs 8.a and 8.b	<p>You have 10 days to cure: abandonment; non-payment of money due us, affiliates, master landlord, or for which we may become liable; eviction for non-payment of rent or related charge; failure to obtain approval from us or your Development Agent to open your Restaurant; re-opening your Restaurant after a re-location without obtaining the necessary approval from us or your Development Agent to re-open; unauthorized use of the Restaurant; fail to report gross sales properly. You have 60 days to cure any other defaults under the Franchise Agreement; loss of the premises (other than due to eviction for non-payment); insolvency /bankruptcy; loss of permit or license; noncompliance with the Operations Manual. These provisions will apply to any existing Franchise Agreement you have.</p>

Provision	Section in Franchise Agreement	Summary
h. "Cause" defined – non-curable defaults	FA Paragraph 8.c	<p>Repeated defaults under the Franchise Agreement, even if cured. This provision will apply to any existing Franchise Agreement you have</p> <p>We may terminate the Franchise Agreement without an opportunity to cure (unless prohibited by state law) if i) you fail to comply with all civil and criminal laws, ordinances, rules, regulations and orders of public authorities, ii) you intentionally under-report gross sales, falsify financial data or otherwise commit an act of fraud, iii) you are convicted or plead guilty or "nolo contendere" to a felony, crime of moral turpitude, an indictable offense, unfair or deceptive trade practices, or any other crime or offense that we believe to be injurious or prejudicial to the MOOYAH® System, the Proprietary Marks or the goodwill associated with them, iv) you use the Restaurant or its premises for illegal use, v) we are prohibited from doing business with you under any anti-terrorism law enacted by the US, including the USA PATRIOT Act or Executive Order 13224, vi) you are dismissed from the training program, vii) you violate the covenant not to compete, or viii) you engage in behavior that results in physical harm or the threat of physical harm to an employee or representative of us, our affiliate or a Development Agent. This provision will also apply to any existing Franchise Agreements you have</p>
i. Franchisee's obligations on termination/nonrenewal	FA Paragraphs 8.e, 8.g, 8.h, 8.i, 11.b, 13	<p>Obligations include de-identification (unless instructed otherwise), return of Operations Manual, automatic assignment of telephone numbers and cancellation of permits, registrations, certifications or other consents. Also see r. and Item 15. Your franchise rights revert to us if you abandon or if we revoke the agreement</p>
j. Assignment of contract by franchisor	FA Paragraph 9.d	There is no restriction on our right to assign.
k. "Transfer" by franchisee – defined	FA Paragraph 9	Includes transfer of contract or assets or ownership change.

Provision	Section in Franchise Agreement	Summary
l. Franchisor approval of transfer by franchisee	FA Paragraphs 9.a, 9.b	We have the right to approve all transfers. We will not unreasonably withhold approval of a transfer by you
m. Conditions for franchisor approval of transfer	FA Paragraphs 9.a, 9.b	<p>New franchisee qualifies, you pay transfer fee, we approve purchase agreement, new franchisee successfully completes training, new franchisee signs current agreement, you pay all money due in full for all your Restaurants, you are not in default, you and the new franchisee sign a general release, you transfer the Operations Manual for the Restaurant to the new franchisee on the date of transfer, and you bring the Restaurant into full compliance with the Operations Manual at or before transfer</p> <p>You may assign your rights to operate the Restaurant, but not the Franchise Agreement, to a newly organized corporate entity you control. You must remain, at all times, the owner of the controlling voting interest and majority ownership interest (more than 50%) of the entity. Each individual who signs the Franchise Agreement must own not less than 25% of the entity, unless we allow otherwise after you submit a written request. You will remain the franchisee and you may not use the word "MOOYAH" as part of the entity's name. The entity must assume your obligations and the owners must guarantee the entity's obligations. You, the entity and all owners must sign a general release.</p>
n. Franchisor's right of first refusal to acquire franchisee's business	FA Paragraph 9.a	We can match any offer for your business within 30 days of your written offer to us. If we don't accept, you can sell to a third party, subject to our transfer requirements, but you can't sell at a lower price or on better terms than what you offered to us.

Provision	Section in Franchise Agreement	Summary
o. Franchisor's option to purchase franchisee's business	FA Paragraph 11.h	<p>We do not have to purchase the assets of your business upon termination, but if required by law, we will, at your cost, less depreciation and amortization under the straight-line method, using a five year life.</p> <p>We have the right to repurchase the Restaurant within 30 days of termination or expiration of the Franchise Agreement at fair market value minus any money you owe us, our affiliates or the landlord. If we do not purchase the Restaurant, you must obtain a termination and mutual release of the lease from the landlord of the premises on which the Restaurant is located at your expense.</p>
p. Death or disability of franchisee	Paragraphs 9.a., 9.c	Your rights may pass to your next of kin or legatees. They must assume your obligations, successfully pass our training program (if not already our franchisee), agree to attend the next training session and successfully complete training. We do not have an established disability policy, but will permit you to sell the franchise, or keep it if you operate it with trained personnel.
q. Non-competition covenants during the term of the franchise	FA Paragraphs 5.d, 8.h, 10.e	No identical or similar business anywhere; if you breach you must pay \$30,000 for each business and 6% of gross sales, and we may seek an injunction, damages or both. You may not disclose any confidential or proprietary information to any unauthorized person or we may seek an injunction, damages or both.
r. Non-competition covenants after the franchise is terminated or expires	FA Paragraphs 8.e, 8.g, 10.e	No restaurant business for two years within five miles of an existing MOOYAH® Restaurant, including any former locations within one year (no territorial or exclusive rights are implied). If you breach, you must pay \$30,000 for each business and 6% of gross sales, and we may seek an injunction, damages or both. You may not disclose any confidential or proprietary information to any unauthorized person or we may seek an injunction, damages or both.

Provision	Section in Franchise Agreement	Summary
s. Modification of the agreement	FA Paragraph 5.b	No modifications generally after Franchise Agreement signed, but the Operations Manual is subject to change. We may negotiate changes to the Franchise Agreement with large institutional-type franchisees only.
t. Integration/merger clause	FA Paragraph 13	Only the terms of the Franchise Agreement are binding (subject to state law). Any representations or promises made outside the disclosure document and franchise agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	FA Paragraphs 10, 14, 17. Also see FA Paragraphs 5.d, 8.d, 8.e, 8.h;	Except for certain claims we may bring, you must arbitrate in the forum noted in v. below, all disputes under the Franchise Agreement. Your claims are limited under Paragraph 16. Paragraphs 10 and 17 will apply to any existing Franchise Agreement you have. The Franchise Agreement contains other important provisions concerning dispute resolution.
v. Choice of forum	FA Paragraphs 10.a, 10.c., 17	Arbitration and any litigation must be held in Texas, subject to state law. The Franchise Agreement allows us to bring an action for injunctive relief in any court having jurisdiction if you breach the provisions of the Franchise Agreement concerning use of the Proprietary Marks, confidentiality, or the covenants not to compete. You may not bring litigation in court under the Franchise Agreement. (see Exhibit J – State Specific Addendum for exceptions)
w. Choice of law	FA Paragraph 13	Texas law applies, except the United States Arbitration Act governs the arbitration provisions, subject to state law. This provision will apply to any existing Franchise Agreement you have

The chart above is intended to provide an overview of some provisions of the franchise documentation. It does not specify in detail all matters covered by those provisions. You can only obtain a full understanding of our franchise documentation by completely reading the relevant documents, and after obtaining independent professional legal, accounting, and business advice. Also, certain State and Federal legislation may affect the respective rights and obligations of the parties to the agreements.

**IF YOU ARE AN EXISTING FRANCHISEE, YOU AGREE BY SIGNING OUR CURRENT FORM OF FRANCHISE AGREEMENT, TO AMEND ALL OF YOUR EXISTING**

**FRANCHISE AGREEMENTS IN CERTAIN RESPECTS UNDER PARAGRAPH 14. SEE EXHIBIT A.**

**THE MULTI-UNIT OPERATOR RELATIONSHIP**

<b>Provision</b>	<b>Section in Multi-Unit Operator Agreement</b>	<b>Summary</b>
a. Term of the Multi-Unit Operator Agreement	6	Length of the Minimum Performance Schedule
b. Renewal or extension of the term	5	After all Restaurants have been developed, we will negotiate in good faith another Multi-Unit Operator Agreement
c. Requirements for you to renew or extend	Not applicable	
d. Termination by you	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 us without cause	Not applicable	
f. Termination by us with cause	9	We can terminate if you commit any one of several listed violations
g. "Cause" defined – defaults which can be cured	9	If you use the Marks or System without our consent; participating in a competing business; failure to pay money to us when due; you begin developing a Restaurant before all of your pre-development obligations are met; failure to obtain our consent when required; you open any Restaurant before a Franchise Agreement for that Restaurant has been signed
h. "Cause" defined – defaults which cannot be cured	9	Failure to meet your minimum performance schedule; failure to comply with applicable laws; if all of your Restaurants 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. Your obligations on termination/non-renewal	10	You must stop selecting sites for Restaurants, and you may not open any more Restaurants

Provision	Section in Multi-Unit Operator Agreement	Summary
j. Assignment of contract by us	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 you – definition	11	Includes transfer of any interest in the Multi-Unit Operator Agreement
l. Our approval of transfer by you	11	We have the right to approve all transfers, our consent not to be unreasonably withheld
m. Conditions for our approval of transfer	11	Conditions for transfer include not being in default, at least 25% of all Restaurants 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. Our right of first refusal to acquire your business	11	We have the right to match the offer to purchase your Business
o. Our option to purchase your business	Not applicable	
p. Your death or disability	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 competing business anywhere
r. Non-competition covenants after the franchise is terminated or expires	12	No competing business for two years and within five miles of any Restaurant 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). Any representations or promises made outside the Disclosure Document and Multi-Unit Operator Agreement may not be enforceable.



<b>Provision</b>	<b>Section in Multi-Unit Operator Agreement</b>	<b>Summary</b>
u. Dispute resolution by arbitration or mediation	19	Except for certain claims we may bring, you must arbitrate in the forum noted in v. below, all disputes under the Multi-Unit Operator Agreement
v. Choice of forum	19	Arbitration and any litigation must be held in Texas, subject to state law. The Multi-Unit Operator Agreement allows us to bring an action for injunctive relief in any court having jurisdiction if you breach the provisions of the Multi-Unit Operator Agreement concerning confidentiality or the covenants not to compete. You may not bring litigation in court under the Multi-Unit Operator Agreement. (see Exhibit J – State Specific Addendum for exceptions)
w. Choice of law	18	Texas law applies, except the United States Arbitration Act governs the arbitration provisions, subject to state law

**ITEM 18**  
**PUBLIC FIGURES**

We do not use any public figure to promote the franchise.

You do not have the right to use the name of a public figure in your promotional efforts or advertising without prior written approval from us.

**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 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 performance at a particular location or under particular circumstances.

This franchisor does 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 Michael Mabry or our Franchise Sales Department at 5212 Tennyson Parkway Suite 120, Plano, Texas 75024 or 214-310-0768, the Federal Trade Commission, and the appropriate state regulatory agencies.

**ITEM 20**

**OUTLETS AND FRANCHISEE INFORMATION**

**Table No. 1  
Systemwide Outlet Summary  
For fiscal years ending January 2, 2011 and January 1, 2012 and December 30, 2012**

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	1/2/2011	7	14	+7
	1/1/2012	14	22	+8
	12/30/2012	22	21	-1
Company-Owned	1/2/2011	4	3	-1
	1/1/2012	3	4	+1
	12/30/2012	4	4	0
Total Outlets	1/2/2011	11	17	+6
	1/1/2012	17	26	+9
	12/30/2012	26	25	-1

**Table No. 2  
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)  
For fiscal years ending January 2, 2011 and January 1, 2012 and December 30, 2012**

Column 1 State	Column 2 Year	Column 3 Number of Transfers
Texas	1/2/2011	2
	1/1/2012	2
	12/30/2012	0
Total	1/2/2011	2
	1/1/2012	2
	12/30/2012	0

**Table No. 3-A**  
**Status of Franchised Outlets**  
**For fiscal years ending January 2, 2011 and January 1, 2012 and December 30, 2012**

Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9
State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
California	1/2/2011	0	0	0	0	0	0	0
	1/1/2012	0	1	0	0	0	0	1
	12/30/2012	1	0	0	0	0	1	0
Connecticut	1/2/2011	0	0	0	0	0	0	0
	1/1/2012	0	1	0	0	0	0	1
	12/30/2012	1	0	0	0	0	0	1
Tennessee	1/2/2011	0	0	0	0	0	0	0
	1/1/2012	0	1	0	0	0	0	1
	12/30/2012	1	0	0	0	0	0	1
Texas	1/2/2011	7	7	0	0	0	0	14
	1/1/2012	14	6	0	0	0	1	19
	12/30/2012	19	0	0	0	0	0	19
Totals	1/2/2011	7	7	0	0	0	0	14
	1/1/2012	14	9	0	0	0	1	22
	12/30/2012	22	0	0	0	0	1	21

**Table No. 3-B**  
**Status of Multi-Unit Operators**  
**For fiscal years ending January 2, 2011 and January 1, 2012 and December 30, 2012**

Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9
State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
Alabama	1/2/2011	0	0	0	0	0	0	0
	1/1/2012	0	0	0	0	0	0	0

Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9
State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
	12/30/2012	0	1	0	0	0	0	1
Louisiana	1/2/2011	0	0	0	0	0	0	0
	1/1/2012	0	0	0	0	0	0	0
	12/30/2012	0	2	0	0	0	0	2
Texas	1/2/2011	0	0	0	0	0	0	0
	1/1/2012	0	0	0	0	0	0	0
	12/30/2012	0	2	0	0	0	0	2
Virginia	1/2/2011	0	0	0	0	0	0	0
	1/1/2012	0	0	0	0	0	0	0
	12/30/2012	0	1	0	0	0	0	1
Totals	1/2/2011	0	0	0	0	0	0	0
	1/1/2012	0	0	0	0	0	0	0
	12/30/2012	0	6	0	0	0	0	6

**Table No. 3-C**  
**Status of Development Agents**  
**For fiscal years ending January 2, 2011 and January 1, 2012 and December 30, 2012**

Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9
State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
Arkansas	1/2/2011	0	1	0	0	0	0	1
	1/1/2012	1	0	0	0	0	0	1
	12/30/2012	1	0	0	0	0	1	0
California	1/2/2011	0	0	0	0	0	0	0
	1/1/2012	0	1	0	0	0	0	1
	12/30/2012	1	2	0	0	0	0	3
Connecticut	1/2/2011	0	0	0	0	0	0	0